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Author:

Guaranty Trust Company
of New York

Title:

How business with foreign
countries is financed...

Place:

New York

Date:

[1921]

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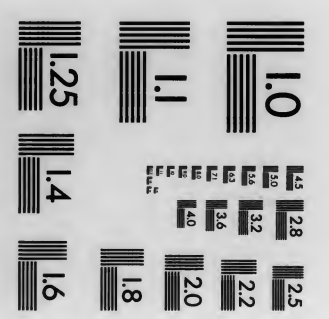
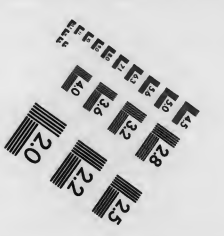
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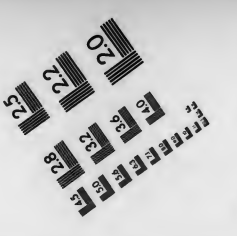
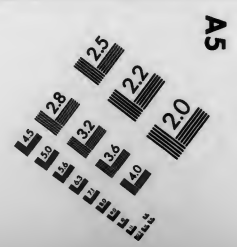
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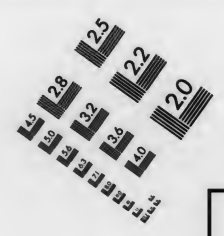
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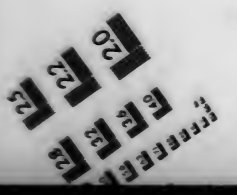
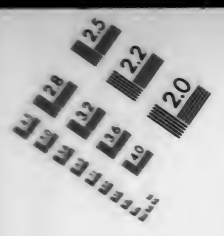


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How Business
with Foreign Countries
is Financed

SCHOOL OF BUSINESS

Guaranty Trust Company
of New York

-Q332

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School of Business

How Business with Foreign Countries is Financed

1921

Guaranty Trust Company of New York

Head Office: 140 Broadway, New York

FIFTH AVENUE OFFICE MADISON AVENUE OFFICE GRAND STREET OFFICE
Fifth Avenue and 44th Street Madison Avenue and 60th Street 268 Grand Street

LONDON OFFICES 42 Lombard Street, E. C.	LIVERPOOL OFFICE 27 Cotton Exchange Buildings	PARIS OFFICE Rue des Italiens, 1 and 3	BRUSSELS OFFICE 158 Rue Royale
50 Pall Mall Alexandra House, Kingsway	HAVRE OFFICE 122 Boulevard Strasbourg	ANTWERP OFFICE 36 Rue des Tanneurs	CONSTANTINOPLE OFFICE 21 Rue Kurekdjiler, Galata

Business

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U.S.P. " 26 "

Foreword

THE purpose of this booklet is to outline the services and facilities offered by the Guaranty Trust Company of New York in financing foreign trade, and to explain the methods and forms generally used.



MAIN OFFICE
GUARANTY TRUST COMPANY OF NEW YORK
140 BROADWAY, NEW YORK

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How Business with Foreign Countries is Financed

Banking Service for Foreign Trade

The most important factor in financing foreign trade is the service rendered by a bank to its clients. To make this service complete in every respect, it is necessary that a bank be in intimate and constant contact with all parts of the world.

Beside its own offices in New York, London, Paris, Brussels, Liverpool, Antwerp, Havre and Constantinople, and its resident representatives and travelers abroad, the Company is affiliated with institutions which operate in particular spheres. In addition to these, it has more than 2,000 correspondents, who provide direct, safe and prompt banking service with every part of the globe. Many of these correspondents are among the leading banking institutions of the world. They have been long established in their respective localities and are thoroughly familiar with local commercial and financial conditions.

The Foreign Department of the Guaranty Trust Company of New York is a bank complete in itself.

To assist in the development of new foreign business, our International Trade Service supplies data regarding every phase of foreign trade: markets, names of buyers, credit ratings, tariffs, export methods, etc. It endeavors to keep in touch with all international commercial developments, and to give its customers and others interested the latest available information.

The Guaranty Trust Company of New York offers these services to bankers, manufacturers and merchants, and cordially invites them to consult the officers of its Foreign Department or its International Trade Service for full information regarding such facilities.

The services of the Foreign Department embrace the following:

- Opening of Current Deposits and Special Accounts.
- Purchase and sale of Foreign Exchange (Cable Transfers, Checks and Foreign Currencies).
- Purchase and sale of Future Exchange.
- Discounting of Bank and Trade Acceptances.
- Purchase of approved clean and documentary Bills of Exchange.
- Opening of Import Credits.
- Opening of Export Credits.
- Opening of Domestic Letters of Credit.

Granting of Acceptance Credits against readily marketable staples in warehouse.

Advances and loans on approved collateral.

Collection of clean and documentary Bills payable abroad.

Protection of drafts drawn by our correspondents on foreign countries.

Issuance of Travelers Checks and Letters of Credit.

Gathering and compiling Foreign Trade Information.

Securing Credit Information for customers and correspondents.

Collection of foreign securities and coupons.

Acting as custodian of securities.

Acting as agents for foreign governments, corporations, firms and individuals.

Current Deposits and Special Accounts

The Foreign Department receives deposits from its customers in dollars, allowing interest on balances of \$1,000 or more. On deposits withdrawable only after a fixed period a higher rate is usually granted.

The Foreign Department also opens accounts for our customers with our London Office in pounds sterling, with our Paris and Brussels Offices in francs, and with our Constantinople Office in Turkish pounds.

Cable Transfers

The "cable transfer" is the quickest means of transferring value from one country to another. It practically eliminates time and distance which are important factors in financing foreign trade.

It is used principally to pay an obligation coming due in some foreign country; to transfer a balance held in a foreign bank to a bank in another country, or to pay for a shipment of merchandise.

The rate for cable transfers, or in other words the "cable rate," is the basic rate. It is determined by supply and demand, which in turn are subject to all of the influences of economic laws, such as the volume of imports as compared to exports, and the financial and political conditions of the respective countries. In normal times, this rate is governed principally by the gold content of the standard money of one country as compared to that of another, plus the shipping charges, interest and insurance on the total cost of the gold shipped.

Bankers' Drafts

A "banker's draft" is a transfer of funds by mail. A bank in this country, for example, draws its draft on a foreign depository payable for a specified amount to some person or firm.

These drafts are drawn at sight (payable upon presentation), or within a specified time after presentation.

The time which elapses between the issuance and the presentation is dependent upon mail service. A week or ten days may elapse between the mailing of a draft in New York and its presentation in London or Paris, or it may require a month or six weeks to reach certain points in South America or in the Far East.

The rate for a sight draft, or in other words the "check rate," is determined largely by adding to the cable rate the interest for the transit time between the issuing and paying banks. The rate of interest depends on the rates ruling at the market of purchase or sale.

The rate for time bills, commonly known as the "bill rate," is determined by adding to the check rate the discount ruling in a foreign market for bills having a maturity of 30, 60 or 90 days or more.

On the following pages are shown specimens of bankers drafts which can be purchased from us, in any amount, at current rates of exchange.

Guaranty Trust Company of New York
 New York, February 24th 1919.
 Pay John Johnson & Co.
 or order (Duplicate being unpaid) the sum of

 which charge to New York account
 Guaranty Trust Company of New York, PER PRO
 32 Lombard Street, London. PER PRO
 No 74956

Guaranty Trust Company of New York
 New York, February 24th 1919.
 Pay John Johnson & Co.
 or order (Original being unpaid) the sum of

 which charge to New York account
 Guaranty Trust Company of New York, PER PRO
 32 Lombard Street, London. PER PRO
 No 74956

Demand Bank Draft on London

Specimen of a bank draft on London in Pounds Sterling, payable on demand.

All foreign drafts are invariably issued in duplicate for greater safety, the remitter sending the "original" by one mail steamer, and the "duplicate" by a following mail steamer.

Guaranty Trust Company of New York
 New York, February 24th 1919.
 Sixty DAYS AFTER sight OF THIS FIRST OF EXCHANGE (SECOND UNPAID)
 Pay to the order of Brown Manufacturing Co.
 Eight thousand pounds _____ STERLING
 VALUE RECEIVED WHICH CHARGE TO THE ACCOUNT OF
 Guaranty Trust Company of New York
 33 Lombard Street, PER PRO
 No A12815 LONDON PER PRO

Guaranty Trust Company of New York
 New York, February 24th 1919.
 Sixty DAYS AFTER sight OF THIS SECOND OF EXCHANGE (FIRST UNPAID)
 Pay to the order of Brown Manufacturing Co.
 Eight thousand pounds _____ STERLING
 VALUE RECEIVED WHICH CHARGE TO THE ACCOUNT OF
 Guaranty Trust Company of New York
 33 Lombard Street, PER PRO
 No A12815 LONDON PER PRO

Banker's Time Draft on London

Bank draft in Pounds Sterling payable sixty days after presentation to the London Office of the Guaranty Trust Company of New York. Drafts are also issued by us payable at 30, 90 and 120 days sight.

Guaranty Trust Company of New York
L 5,000 + By *New York, February 24th 1919*
 Pay *John Johnson & Co*
 or order (*Duplicate being unpaid*) the sum of
Five thousand pounds
 which charge to *New York account*
 Guaranty Trust Company of New York, PER PRO ASSISTANT SECRETARY
 32 Lombard Street, LONDON. ASSISTANT MANAGER.
 N^o 74956

Guaranty Trust Company of New York
L 5,000 + By *New York, February 24th 1919*
 Pay *John Johnson & Co*
 or order (*Original being unpaid*) the sum of
Five thousand pounds
 which charge to *New York account*
 Guaranty Trust Company of New York, PER PRO ASSISTANT SECRETARY
 32 Lombard Street, LONDON. ASSISTANT MANAGER.
 N^o 74956

Demand Bank Draft on London

Specimen of a bank draft on London in Pounds Sterling, payable on demand.

All foreign drafts are invariably issued in duplicate for greater safety, the remitter sending the "original" by one mail steamer, and the "duplicate" by a following mail steamer.

Guaranty Trust Company of New York
L 8,000 + NEW YORK *February 24th 1919*
Sixty DAYS AFTER *sight* OF THE FIRST OF EXCHANGE (SECOND UNPAID)
 PAY TO THE ORDER OF *Brown Manufacturing Co.*
Eight thousand pounds STERLING
 VALUE RECEIVED WHICH CHARGE TO THE ACCOUNT OF
 Guaranty Trust Company of New York
 to Guaranty Trust Company of New York
 33 LOMBARD STREET, PER PRO
 N^o A12815 LONDON PER PRO

Guaranty Trust Company of New York
L 8,000 + NEW YORK *February 24th 1919*
Sixty DAYS AFTER *sight* OF THIS SECOND OF EXCHANGE (FIRST UNPAID)
 PAY TO THE ORDER OF *Brown Manufacturing Co.*
Eight thousand pounds STERLING
 VALUE RECEIVED WHICH CHARGE TO THE ACCOUNT OF
 Guaranty Trust Company of New York
 to Guaranty Trust Company of New York
 33 LOMBARD STREET, PER PRO
 N^o A12815 LONDON PER PRO

Banker's Time Draft on London

Bank draft in Pounds Sterling payable sixty days after presentation to the London Office of the Guaranty Trust Company of New York. Drafts are also issued by us payable at 30, 90 and 120 days sight.

Guaranty Trust Company of New York NEW YORK <i>February eighteenth 1919</i> <small>(WRITE DATE IN LETTERS)</small>	
PAY AGAINST THIS ORIGINAL CHECK (DUPLICATE BEING UNPAID) TO THE ORDER OF <i>Compagnie Generale Transatlantique</i>	THE SUM OF <i>TEN THOUSAND</i> FRANCES
TO Guaranty Trust Company of New York 183 Rue des Italiens Paris, France	Guaranty Trust Company of New York PER PRO
Nº 3351	

Bankers' Draft on Paris

Bank draft on Paris in French Francs, payable on demand.

Writing the date in letters (as shown above) in drafts and checks on France, exempts them from the full bill-stamp tax of that country.

Guaranty Trust Company of New York Psetas 5650 <i>New York, February fourteenth 1919</i> Pay <i>Antonio Lopez</i> or order (Duplicate being unpaid) the sum of <i>FIVE THOUSAND SIX HUNDRED FIFTY PESETAS</i>	
Check against our credit. BANCO MERCANTIL DE LAS AMERICAS BARCELONA	PER PRO PER PRO
Nº 55466	

Bankers' Draft on Spain

Bank draft on Barcelona, Spain, in Pesetas, payable on demand. Such drafts, as well as drafts on the principal commercial centers of the world, can be purchased from us, at current rates of exchange.

Guaranty Trust Company of New York NEW YORK <i>February eighteenth 1919</i> <small>(WRITE DATE IN LETTERS)</small>	
PAY AGAINST THIS ORIGINAL CHECK (DUPLICATE BEING UNPAID) TO THE ORDER OF <i>Compagnie Generale Transatlantique</i> THE SUM OF <i>TEN THOUSAND</i> FRANCES	
TO Guaranty Trust Company of New York 1&3 Rue des Italiens Paris, France No 3351	Guaranty Trust Company of New York PER PRO

Bankers' Draft on Paris

Bank draft on Paris in French Francs, payable on demand.

Writing the date in letters (as shown above) in drafts and checks on France, exempts them from the full bill-stamp tax of that country.

Guaranty Trust Company of New York NEW YORK <i>February fourteenth 1919</i> <small>(WRITE DATE IN LETTERS)</small>	
Pesetas 5650 Pay <i>Antonio Lopez</i> or order (Duplicate being unpaid) the sum of <i>FIVE THOUSAND SIX HUNDRED FIFTY PESETAS</i>	
TO Banco Mercantil de las Americas BARCELONA No 55466	Guaranty Trust Company of New York PER PRO

Bankers' Draft on Spain

Bank draft on Barcelona, Spain, in Pesetas, payable on demand. Such drafts, as well as drafts on the principal commercial centers of the world, can be purchased from us, at current rates of exchange.

Commercial Drafts

The foreign Commercial Draft, which for many years has been the commonest form of payment for a shipment to a foreign country, is similar to the ordinary Domestic Commercial Draft. The principal differences are, that it covers a foreign transaction and is drawn on a foreign drawee, that it may be drawn in the currency of the buyer's country or in that of the seller's, depending on the terms of sale, and that it is drawn in duplicate as a protection against loss or delay in payment, the duplicate being sent by the mail following that by which the original is forwarded. Payment or acceptance of either renders the other null and void.

Commercial Drafts drawn without shipping documents attached are known as "clean" drafts, while those with shipping documents attached are known as "documentary" drafts. These drafts when drawn upon responsible individuals or business houses, and with shipping documents attached, if a documentary draft, opens to the seller various possibilities for banking advances and discounts, by means of which, under the proper conditions, the exporter is able to realize, fully or in part, on the sale of his goods as they are shipped. When negotiated by a bank, drafts drawn in foreign currencies are bought at the current rate for 30, 60 or 90 day bills, depending on the usance, while dollar drafts are either discounted by the bank or a loan is made and the collection is taken as collateral. In every instance, however, the time required for the bank to receive the funds from abroad must be taken into account by the negotiating bank.

Following are given a number of samples of Commercial Drafts in foreign transactions, with brief descriptions of their operation.

Sample Draft 1:

Manufacturers Export Company
New York, February 20, 1919
Ninety days after sight of this FIRST
of Exchange (Second of the same tenor and date unpaid) pay to the order of
For value received and charge to account of
To Messrs. Santos Hermanos,
Rio Grande do Sul,
Brazil
Manufacturers Export Company,
Treasurer.

Sample Draft 2:

Manufacturers Export Company
New York, February 20, 1919
Ninety days after sight of this SECOND
of Exchange (First of the same tenor and date unpaid) pay to the order of
One thousand five hundred sixty two Dollars.
For value received and charge to account of
To Messrs. Santos Hermanos,
Rio Grande do Sul,
Brazil
Manufacturers Export Company,
Treasurer.

Commercial Draft Drawn in Dollars

This form of draft is used when the shipper desires reimbursement in U. S. Dollars. Such drafts are generally drawn at sight, or at 30, 60 or 90 days sight. They may also be drawn at 30, 60, 90 or 120 days date, according to the arrangement between the buyer and the seller. If the draft covers a shipment of merchandise the documents relating to the shipment are usually attached and are surrendered to the buyer of the merchandise either against his acceptance of the draft, or against payment, according to the instructions of the seller to the bank.

Commercial Drafts

The foreign Commercial Draft, which for many years has been the commonest form of payment for a shipment to a foreign country, is similar to the ordinary Domestic Commercial Draft. The principal differences are, that it covers a foreign transaction and is drawn on a foreign drawee, that it may be drawn in the currency of the buyer's country or in that of the seller's, depending on the terms of sale, and that it is drawn in duplicate as a protection against loss or delay in payment, the duplicate being sent by the mail following that by which the original is forwarded. Payment or acceptance of either renders the other null and void.

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Following are given a number of samples of Commercial Drafts in foreign transactions, with brief descriptions of their operation.

Manufacturers Export Company	NEW YORK, February 20, 1919
	Ninety days after sight of this First of Exchange (Second of the same tenor and date unpaid) pay to the order of
	For value received and charge to account of
	To Messrs. Santos Hermanos,
	Rio Grande do Sul, Brazil
	Manufacturers Export Company, Treasurer.

Manufacturers Export Company	NEW YORK, February 20, 1919
	Ninety days after sight of this SECOND of Exchange (First of the same tenor and date unpaid) pay to the order of
	For value received and charge to account of
	To Messrs. Santos Hermanos,
	Rio Grande do Sul, Brazil
	Manufacturers Export Company, Treasurer.

Commercial Draft Drawn in Dollars

This form of draft is used when the shipper desires reimbursement in U. S. Dollars. Such drafts are generally drawn at sight, or at 30, 60 or 90 days sight. They may also be drawn at 30, 60, 90 or 120 days date, according to the arrangement between the buyer and the seller. If the draft covers a shipment of merchandise the documents relating to the shipment are usually attached and are surrendered to the buyer of the merchandise either against his acceptance of the draft, or against payment, according to the instructions of the seller to the bank.

Commercial Drafts

The foreign Commercial Draft, which for many years has been the commonest form of payment for a shipment to a foreign country, is similar to the ordinary Domestic Commercial Draft. The principal differences are, that it covers a foreign transaction and is drawn on a foreign drawee, that it may be drawn in the currency of the buyer's country or in that of the seller's, depending on the terms of sale, and that it is drawn in duplicate as a protection against loss or delay in payment, the duplicate being sent by the mail following that by which the original is forwarded. Payment or acceptance of either renders the other null and void.

Commercial Drafts drawn without shipping documents attached are known as "clean" drafts, while those with shipping documents attached are known as "documentary" drafts. These drafts when drawn upon responsible individuals or business houses, and with shipping documents attached, if a documentary draft, opens to the seller various possibilities for banking advances and discounts, by means of which, under the proper conditions, the exporter is able to realize, fully or in part, on the sale of his goods as they are shipped. When negotiated by a bank, drafts drawn in foreign currencies are bought at the current rate for 30, 60 or 90 day bills, depending on the usance, while dollar drafts are either discounted by the bank or a loan is made and the collection is taken as collateral. In every instance, however, the time required for the bank to receive the funds from abroad must be taken into account by the negotiating bank.

Following are given a number of samples of Commercial Drafts in foreign transactions, with brief descriptions of their operation.

Manufacturers Export Company	\$1552.35	New York, February 20, 1919
	Ninety days after sight of this FIRST	
	of Exchange (Second of the same tenor and date unpaid) pay to the order of	
	One thousand five hundred sixty two Dollars, 30/100	
	For value received and charge to account of	
	To Messrs. Santos Hermanos,	Manufacturers Export Company,
	Rio Grande do Sul,	
	Brasil	Treasurer.

Manufacturers Export Company	\$1552.35	New York, February 20, 1919
	Ninety days after sight of this SECOND	
	of Exchange (First of the same tenor and date unpaid) pay to the order of	
	One thousand five hundred sixty two Dollars, 30/100	
	For value received and charge to account of	
	To Messrs. Santos Hermanos,	Manufacturers Export Company,
	Rio Grande do Sul,	
	Brasil	Treasurer.

Commercial Draft Drawn in Dollars

This form of draft is used when the shipper desires reimbursement in U. S. Dollars. Such drafts are generally drawn at sight, or at 30, 60 or 90 days sight. They may also be drawn at 30, 60, 90 or 120 days date, according to the arrangement between the buyer and the seller. If the draft covers a shipment of merchandise the documents relating to the shipment are usually attached and are surrendered to the buyer of the merchandise either against his acceptance of the draft, or against payment, according to the instructions of the seller to the bank.

New Orleans, La. --- February 20, --- 1919

Sixty days after sight of this **FIRST**

of Exchange (Second of the same tenor and date unpaid) pay to the order of

One thousand eight hundred and seventy six - Pounds, 18/6

For value received and charge to account of

To London Joint City & Midland Bank, Ltd.,
London, E. C.

Louisiana Cotton Company,
Treasurer.

N^o 1042 - England

Louisiana Cotton Company

New Orleans, La. --- February 20, --- 1919

Sixty days after sight of this **SECOND**

of Exchange (First of the same tenor and date unpaid) pay to the order of

One thousand eight hundred and seventy six - Pounds, 18/6

For value received and charge to account of

To London Joint City & Midland Bank, Ltd.,
London, E. C.

Louisiana Cotton Company,
Treasurer.

N^o 1042 - England

Louisiana Cotton Company

Draft on an English Bank Against a Shipment of Cotton to Liverpool

The above is a form of draft drawn on an English bank against a shipment of cotton to Liverpool. A buyer in England has arranged for his bankers to accept the draft of the American exporter, made out in pounds sterling with documents attached. The American exporter, upon closing his contract for the sale of cotton to be shipped at some future time, immediately arranges with the Guaranty Trust Company of New York for the sale of his sterling draft under what is known as a "future contract." This enables him to establish a rate at which he will receive dollars for his sterling draft when shipment is made.

Under these contracts the American shipper, at the time of shipment, draws on the Guaranty Trust Company of New York through his bank or bankers in the form of a domestic draft in dollars, for the equivalent of the sterling draft, figured at the rate originally fixed in the "future contract." When the dollar draft, accompanied by the sterling draft, is presented for payment at the Guaranty Trust Company of New York there is also attached an invoice, insurance certificate and bill of lading, making a complete set of shipping documents. If these are in order, the dollar draft is paid and retired. The sterling draft accompanied by the other documents is then forwarded to one of the branches of the Guaranty Trust Company for collection.

New York, --- February 20, --- 1919

Thirty days after sight of this **FIRST**

of Exchange (Second of the same tenor and date unpaid) pay to the order of

Eight hundred and seventy six - Pounds, 18/6

For value received and charge to account of

To Messrs.
John Smith & Company,
Sydney, Australia

Franklin Machinery Company, Inc.,
Treasurer.

N^o 1469 - Sydney, Australia

Franklin Machinery Company, Inc.

New York, --- February 20, --- 1919

Thirty days after sight of this **SECOND**

of Exchange (First of the same tenor and date unpaid) pay to the order of

Eight hundred and seventy six - Pounds, 18/6

For value received and charge to account of

To Messrs.
John Smith & Company,
Sydney, Australia

Franklin Machinery Company, Inc.,
Treasurer.

N^o 1469 - Sydney, Australia

Franklin Machinery Company, Inc.

Draft in Pounds Sterling for Export to Australia or a British Colony

The above is a specimen of a draft drawn in Pounds Sterling against a shipment of merchandise to a buyer in Australia.

The shipping documents are generally attached to the draft and surrendered against "acceptance" or "payment," according to the instructions of the shipper.

These drafts often contain a clause similar to the following:

"PAYABLE WITH EXCHANGE AND COLONIAL STAMPS
ADDED TO THE CURRENT RATE IN LONDON FOR
NEGOTIATING BILLS ON THE COLONIES."

This requires the buyer of the goods against whom the draft is drawn, to pay Colonial stamp charges, exchange and interest from the date of the drafts until the approximate date of receipt of funds in payment in London or New York.

1875, 19, 3 New Orleans, La. - - - - February 20, - - - - 19 19

Sixty - - - - days after sight of this **FIRST**

of Exchange (Second of the same tenor and date unpaid) pay to the order of

One thousand eight hundred seventy six - Pounds, 15/4

For value received and charge to account of

To London Joint City & Midland Bank, Ltd.,

London, E. C., Louisiana Cotton Company,

N^o 1042 - England Treasurer.

1875, 19, 3 New Orleans, La. - - - - February 20, - - - - 19 19

Sixty - - - - days after sight of this **SECOND**

of Exchange (First of the same tenor and date unpaid) pay to the order of

One thousand eight hundred seventy six - Pounds, 15/4

For value received and charge to account of

To London Joint City & Midland Bank, Ltd.,

London, E. C., Louisiana Cotton Company,

N^o 1042 - England Treasurer.

Draft on an English Bank Against a Shipment of Cotton to Liverpool

The above is a form of draft drawn on an English bank against a shipment of cotton to Liverpool. A buyer in England has arranged for his bankers to accept the draft of the American exporter, made out in pounds sterling with documents attached. The American exporter, upon closing his contract for the sale of cotton to be shipped at some future time, immediately arranges with the Guaranty Trust Company of New York for the sale of his sterling draft under what is known as a "future contract." This enables him to establish a rate at which he will receive dollars for his sterling draft when shipment is made.

Under these contracts the American shipper, at the time of shipment, draws on the Guaranty Trust Company of New York through his bank or bankers in the form of a domestic draft in dollars, for the equivalent of the sterling draft, figured at the rate originally fixed in the "future contract." When the dollar draft, accompanied by the sterling draft, is presented for payment at the Guaranty Trust Company of New York there is also attached an invoice, insurance certificate and bill of lading, making a complete set of shipping documents. If these are in order, the dollar draft is paid and retired. The sterling draft accompanied by the other documents is then forwarded to one of the branches of the Guaranty Trust Company for collection.

1875, 19, 3 New York, - - - - February 20, - - - - 19 19

Thirty - - - - days after sight of this **FIRST**

of Exchange (Second of the same tenor and date unpaid) pay to the order of

Eight hundred and seventy six - Pounds, 15/4

For value received and charge to account of

To Messrs.

John Smith & Company, Franklin Machinery Company, Inc.

N^o 1469 - Sydney, Australia Treasurer.

1875, 19, 3 New York, - - - - February 20, - - - - 19 19

Thirty - - - - days after sight of this **SECOND**

of Exchange (First of the same tenor and date unpaid) pay to the order of

Eight hundred and seventy six - Pounds, 15/4

For value received and charge to account of

To Messrs.

John Smith & Company, Franklin Machinery Company, Inc.

N^o 1469 - Sydney, Australia Treasurer.

Draft in Pounds Sterling for Export to Australia or a British Colony

The above is a specimen of a draft drawn in Pounds Sterling against a shipment of merchandise to a buyer in Australia.

The shipping documents are generally attached to the draft and surrendered against "acceptance" or "payment," according to the instructions of the shipper.

These drafts often contain a clause similar to the following:

"PAYABLE WITH EXCHANGE AND COLONIAL STAMPS
ADDED TO THE CURRENT RATE IN LONDON FOR
NEGOTIATING BILLS ON THE COLONIES."

This requires the buyer of the goods against whom the draft is drawn, to pay Colonial stamp charges, exchange and interest from the date of the drafts until the approximate date of receipt of funds in payment in London or New York.

Future Contracts

Exchange Contracts for future delivery are contracts which state that the contracting parties have purchased or sold foreign money at a specified rate of exchange for delivery and payment at some given time in the future. This sale or purchase may require delivery to be made in bills of exchange drawn at sight or time with documents attached, or it may call for a banker's draft, cable transfer, or either, depending on the conditions under which the contract is made. These contracts are made primarily to protect a buyer or seller against losses in exchange through fluctuation in the exchange rate between the time the merchant sells or buys the goods and the time payment is made. For example, a merchant in this country is about to purchase merchandise in England and the price is quoted in Pounds Sterling. He knows at this time what the cost is in dollars by changing the Sterling into Dollars at the current rate of exchange. But if shipment is not to be made from abroad for two months and payment is delayed accordingly, he must make a contract to protect himself against a fluctuation in the exchange rate. Therefore, he arranges a contract for the future delivery of Pounds Sterling at a specified rate. He can then purchase his goods knowing that at a given time in the future, Pounds Sterling will be delivered to him by the bank at the contract rate, and that the cost of the merchandise will not be affected by a fluctuation in the exchange rate.

An example of an exchange sold contract, which is the reverse of a contract to purchase, or, in other words, an exchange bought contract, will be found on page 16.

Many people believe that when a bank makes this kind of contract, that it assumes the risk that the merchant would ordinarily have to assume, but this is not so, for contracts to sell are off-set by contracts to buy, and the bank merely acts as an intermediary between the buyers and the sellers of the various kinds of exchange.

Collections Payable Abroad

Collection items consist largely of clean or documentary drafts. Other items such as notes, checks, foreign coupons, bonds, pension and dividend warrants also come under this classification.

A large portion of foreign trade is financed by documentary collections, although the virtues of a Commercial Letter of Credit are known to all engaged in foreign trade. The principal reason for this is that the buyer can usually dictate the method of payment, but under some circumstances he may have to comply with the terms of the seller. It is obvious that the seller would prefer to ship under a Commercial Letter of Credit as he would receive payment as soon as he presented the documents at the bank that opened the credit. He would then be relieved of further responsibility, except as drawer, if his shipment was in accordance with the terms of his credit and contract. Furthermore, he would not have to ask the bank to discount his draft or to loan on the collection, thereby using part of the credit facilities granted him.

The reverse is true of the buyer, for when he has to open a credit he must ask credit of his bank which would doubtless lessen the amount of credit required by him for other operations. Another important factor is that many shipments are sold before they arrive, and in this instance the collection is especially desirable to the buyer, for he would not require any assistance from his bank.

Clean drafts are used to a great extent in adjusting open accounts, such as in making a periodical settlement of a balance arising from reciprocal shipments of merchandise over a certain period. This is especially true of business houses having branches abroad as well as long established concerns enjoying complete confidence in each other.

Explicit instructions to the bank should always accompany the drafts forwarded for collection, and for this purpose the Guaranty Trust Company of New York furnishes its clients with a form letter of instructions covering the various phases of collection, remittance, and control of merchandise for the guidance of the shippers, a facsimile of which is shown on page 21.

Collections Received from Abroad

Incoming collections consist of practically the same kind of items mentioned under "Collections Payable Abroad." All of these items are governed by the regulations of the Custom House, Clearing House and Federal Reserve Bank.

A letter of instructions, similar to the form on page 21, usually accompanies the collection, the terms of which must be strictly complied with.

If a documentary draft is sent with instructions to deliver documents against payment, the bank complies with these instructions and the drawee, or payor, can then clear the merchandise through the Custom House as the bank would have no further interest in the transaction. Should the customer refuse payment of the item, the bank to protect its clients abroad would clear the merchandise, cover it sufficiently with insurance and store it in a responsible warehouse. Notice would then be sent to its clients abroad, and the foreign customer would advise the disposition to be made of the merchandise.

When the draft is sent for acceptance, it depends on the instructions whether the merchandise is released upon acceptance or upon final payment. Usually the documents are released against acceptance, for this gives the acceptor an opportunity to dispose of the merchandise before the draft matures.

January 2, 19 21

GUARANTY TRUST COMPANY OF NEW YORK,
140 Broadway, New York City

Dear Sirs:

We enclose for ~~Discount~~ Collection the undermentioned draft with documents as enumerated. The surrender of documents to drawees is conditional upon fulfillment of instructions as indicated by cross (x) in margin.

DRAFT	NUMBER	DOCUMENTS
No. 298	2	Commercial Invoice
Drawer John Brown & Co.	1	Consular Invoice
Drawee Chinese Trading Co.	3	Bills of Lading
City Where Payable Shanghai, China	2	Insurance Certificate
Date Aug. 7, 1920	-	Certificate of Origin
Amount U. S. \$10,342.10	-	Weight Certificate
Drawn at 120 d/d	-	Declaration of Shipper

INSTRUCTIONS

- ☒ Documents against ~~Payment~~ Acceptance.
- ☒ Protest for ~~Non-Payment~~ Non-Acceptance.
- ☒ Permit Drawee privilege inspecting merchandise before accepting draft.
- ☒ Hold for arrival of goods.
- ☒ Payable at collecting banks selling Check ~~Cable~~ rate on New York day of payment.
- ☒ Payable at Check rate on New York, remitting proceeds by cable, charges for our account.
- ☒ Interest to be collected at 6 % from date of issue until approximate arrival cover in New York.
- ☒ Allow Drawee interest at 6 % per annum for anticipated payment.
- ☒ All charges are for account of Drawer ~~Drawee~~.
- ☒ Waive charges if refused by Drawee.
- ☒ In case of need refer to American Export Co. Shanghai and advise immediately by Mail ~~Cable~~.
- ☒ SPECIAL INSTRUCTIONS.

Kindly collect this draft through the Asia Banking Corporation, Shanghai.

Yours truly,

J. BROWN & CO.

Commercial Letters of Credit

Letters of Credit came into general use only recently. A score of years ago most importations and exportations were financed by other and less favorable means, chiefly by that method under which the seller of the merchandise drew his draft on the buyer. To the seller this involved an element of risk, as he had to depend upon the responsibility of the buyer. In view of this, the banks to whom such drafts were offered for negotiation were reluctant to discount them, or would take them for collection only, and the seller was obliged to await remittance of the proceeds from abroad.

The alternative to this method was that of making payment in advance for merchandise purchased abroad through remittance of funds either by mail or cable. This placed the burden on the purchaser, as he had to depend upon the assurance of the seller that he would actually receive merchandise or documents representing a shipment of merchandise. Which of these two methods was employed depended upon whether the buyer or seller was in the position to dictate terms. Under either of these methods the burden of financing the merchandise in transit generally had to be borne by one of the two parties directly interested. These disadvantages served to retard rather than to stimulate trade.

Through the adoption of bankers' commercial Letters of Credit, the buyer and seller no longer view each other with uncertainty, and neither is obliged to tie up his capital while the goods are in transit.

The principal advantages of such Letters of Credit are:

- (1) The seller has the guarantee of the bank issuing the credit that drafts drawn will be honored, provided he fulfills the conditions of the credit.
- (2) The buyer has the assurance that he will receive value in the form of documents representing shipment of merchandise.
- (3) The seller has no difficulty in discounting his drafts with his local bankers; while the buyer does not pay for his purchase until the arrival of the documents, or perhaps later.

All commercial credits come under two general classifications: "Clean" or "Documentary." Drafts drawn under a "clean credit" are negotiated without documents, while drafts drawn under a "documentary credit" must be supported by the relative shipping documents specified by the terms of the credit.

Letters of Credit are either "revocable" or "irrevocable," depending on whether the establisher of the credit reserves the right to revoke it before its stated date of expiration.

The Revocable Export Credit

On page 24 is shown a form of a sight export credit, opened by a foreign buyer through the Guaranty Trust Company of New York, in favor of a manufacturer, exporter, or shipper in the United States.

The specimen shown is a sight *revocable* credit, which means that although a date of expiration is placed on the credit, it is, nevertheless, subject to cancellation at any time.

We do not advise the acceptance by American shippers of a revocable credit, in view of the great danger of having it cancelled after the merchandise is shipped and before payment is effected. The preferable method is for the American exporter to utilize irrevocable or confirmed credits.

The Irrevocable Export Credit

On page 25 is shown a specimen of a sight *irrevocable* export credit opened by one of our foreign correspondents for account of a foreign buyer in favor of a firm of exporters in the United States.

This credit differs from the sight revocable export credit, shown on the preceding page, in that, as a sight *irrevocable* credit, it cannot be cancelled prior to the date specified in the credit, without the consent of the party in whose favor it is issued.

This form of credit is the best and safest method for the American shipper. Once having received the credit, he can proceed with the shipment of the merchandise with full knowledge that his drafts will be paid, provided the terms of the credit are strictly fulfilled. In this connection, it might also be well to point out that American banks in issuing export letters of credit are acting merely as agents for their foreign correspondents and are not in any way authorized to alter the terms or conditions of the credit. It is well, therefore, that the American exporter take up any irregularities or points which he feels are not in accordance with his contract before effecting shipment, so that these matters can be adjusted prior to the presentation of the documents.

Guaranty Trust Company of New York

140 Broadway

Capital \$ 25,000,000. Surplus \$ 25,000,000.

Fifth Avenue Office
Fifth Avenue and 43rd St.
Cable Address "Guaranty"

Member of Federal Reserve System

London Office
32 Lombard Street, E. C.
Cable Address "Guaranty"

Madison Avenue Office
Madison Avenue and 60th St.
Cable Address "Fidelitas"

Cable Address "Fidelitas"

Paris Office
Rue des Italiens 1 & 3
Cable Address "Guaranty"

New York February 26, 1920

Please address reply to
Guaranty Trust Company of New York
Foreign Department

EXPORT CREDIT

To The United States Mercantile Co.,
140 Broadway,
New York City

No. Ex-60001

Dear Sir:

In accordance with cable instructions received from Banco Mercantil
Americano de Colombia, Bogota

we open a revocable credit in your favor for account of The South American Import
Company, Bogota, Colombia

Amount \$ 50,000.00 (Fifty thousand - - - - - Dollars)
covering shipment of coffee cleaning machinery from New York to Barranquilla, Colombia

Drafts under this Letter of Credit are to be drawn at sight on us
and are to be accompanied by a set of Shipping Documents
of a character which must meet with our approval, consisting of:
Shipper's invoices
Consular invoices if such documents are required in connection with this shipment.
Marine and War Risk insurance policies
Full set of ocean steamer Bills of Lading made out to order and endorsed in blank, or to the
order of the Banco Mercantil Americano de Colombia
Seaworthiness admitted as between insurer and insured.

This Letter of Credit is Valid only upon there having been issued an appropriate Export License, covering the transaction.

It must be understood that payments under this Credit will only be made provided the goods are actually on board or loading on the Vessel named in the B/L.

If Government regulations restrict the issue of order Bills of Lading, please communicate with us and we will advise you in the premises.

Marine insurance should cover from Warehouse to Warehouse, and not less than ten days after arrival, and also include deviation clause, craft and lighter clause, negligence and/or latent defect clause. Policies reading *Free of Particular Average* completely, must not be tendered without prior arrangement with us.

This Letter of Credit is issued subject to all regulations and enactments of the United States Government and its Allies and to any proclamations of the President governing export shipments.

The documents should be presented *whenever possible* in time to be forwarded on the steamer carrying the merchandise.

This Letter of Credit expires June 30, 1920 unless sooner revoked.

If you are unable to comply with the terms as indicated above, please communicate with us promptly, and oblige,

Yours respectfully,

Guaranty Trust Company of New York

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Guaranty Trust Company of New York

140 Broadway

Capital \$ 25,000,000. Surplus \$ 25,000,000.

Fifth Avenue Office
Fifth Avenue and 43rd St.
Cable Address "Guaranty"

Member of Federal Reserve System

London Office
32 Lombard Street, E. C.
Cable Address "Guaranty"

Madison Avenue Office
Madison Avenue and 60th St.
Cable Address "Fidelitas"

Cable Address "Fidelitas"

Paris Office
Rue des Italiens 1 & 3
Cable Address "Guaranty"

New York February 26, 1920

Please address reply to
Guaranty Trust Company of New York
Foreign Department

EXPORT CREDIT

To The American Export Association,
140 Broadway,
New York City

No. C-60000

Dear Sir:

In accordance with cable instructions received from Banco Mercantil
Americano del Peru, Lima, Peru

we open an irrevocable credit in your favor for account of The South American Import
Company, Lima, Peru

Amount \$ 100,000.00 (One hundred thousand - - - - - Dollars)
covering shipment of general merchandise from New York to Callao, Peru

Drafts under this Letter of Credit are to be drawn at sight on us
and are to be accompanied by a set of Shipping Documents
of a character which must meet with our approval, consisting of:
Shipper's invoices
Consular invoices if such documents are required in connection with this shipment.
Marine and War Risk insurance policies
Full set of ocean steamer Bills of Lading made out to order and endorsed in blank, or to the
order of the Banco Mercantil Americano del Peru
Seaworthiness admitted as between insurer and insured.

This Letter of Credit is Valid only upon there having been issued an appropriate Export License, covering the transaction.

It must be understood that payments under this Credit will only be made provided the goods are actually on board or loading on the Vessel named in the B/L.

If Government regulations restrict the issue of order Bills of Lading, please communicate with us and we will advise you in the premises.

Marine insurance should cover from Warehouse to Warehouse, and not less than ten days after arrival, and also include deviation clause, craft and lighter clause, negligence and/or latent defect clause. Policies reading *Free of Particular Average* completely, must not be tendered without prior arrangement with us.

This Letter of Credit is issued subject to all regulations and enactments of the United States Government and its Allies and to any proclamations of the President governing export shipments.

The documents should be presented *whenever possible* in time to be forwarded on the steamer carrying the merchandise.

This Letter of Credit expires June 30, 1920.

If you are unable to comply with the terms as indicated above, please communicate with us promptly, and oblige,

Yours respectfully,

Guaranty Trust Company of New York

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Import Credits

The modus operandi of an Import Letter of Credit and the several steps leading up to the opening of an Import Letter of Credit, as viewed from the buyer's standpoint, are as follows:

- (1) Negotiations between buyer and seller regarding merchandise, terms of sale, methods of payment, etc. Upon closing the contract it is agreed that payment will be made by draft drawn against approved bank's Letter of Credit.
- (2) The buyer applies to his bank for a Letter of Credit (see specimen of application form).
- (3) Credit issued by the bank; beneficiary notified either by mail or cable; client signs "obligation form," agreeing to protect the bank in consideration of its having issued Credit.
- (4) Seller prepares merchandise for shipment, obtains bills of lading from steamship company, as well as consular invoice certified by U. S. Consul, and other requisite documents; then submits draft and documents to his local bank for negotiation. The local bank discounts the draft and the seller receives the proceeds immediately.
- (5) Draft, with documents attached, is remitted by foreign bank for presentation to the Guaranty Trust Company of New York. Upon presentation, the documents are examined to determine if the conditions of the Credit have been complied with; upon verification, draft is accepted and client is notified of acceptance of the draft and arrival of the documents.
- (6) Client applies to the bank for surrender of the documents which is made under one of several conditions, viz.:
 - A. Against the payment of draft;
 - B. Under a temporary arrangement to enable client to warehouse merchandise and deposit warehouse receipts with bank. In this instance client signs a "Trust Receipt for Warehousing" (see page 54).
 - C. In the event of goods being sold, the merchandise is released temporarily without payment to enable the client to effect delivery to purchasers; and proceeds of sale to be used to liquidate outstanding drafts; clients signs "Trust Receipt for Purchaser" (see page 53). Occasionally client, upon rendering invoices to the parties to whom he re-sold the merchandise, will stamp such invoices "Transferred and made Payable to Guaranty Trust Company of New

York—Remit Payment direct to it." Under this latter arrangement the client will sign a form of Trust Receipt known as "Bailee Receipt" (see page 55) at the time the bank surrenders the shipping documents to him.

The documents are sometimes released under a general Trust Receipt; i.e.: the merchandise is held by the client in trust for the Guaranty Trust Company of New York. This form of Trust Receipt is not quite as specific as the previous forms mentioned as to the disposal of the merchandise. All of the forms, however, agree in the following details: The title to the merchandise is vested in the Guaranty Trust Company of New York until the drafts are paid; the drafts will be paid at maturity; and in the event of the merchandise being sold prior to maturity, the bank will receive the proceeds of the sale.

One point not previously discussed, which may have come to the notice of the reader, is the method of reimbursing the bank abroad which originally discounted the draft. At the maturity of the draft this bank's account with the Guaranty Trust Company of New York, or that of the bank to whom the draft was remitted for collection, will be credited with the face amount of the draft. Frequently the remitting bank avails itself of the privilege of having the draft discounted, and the proceeds immediately placed to the credit of its account instead of waiting until maturity.

Current funds for the payment of a draft due in New York should be available to the drawee bank one day before maturity. If the draft matures abroad, time should be allowed for the transmission of the funds.

On the succeeding pages are shown an Application Blank, Specimen Letters of Credit, Obligation Forms, Trust Receipts, etc. on many of which the text will be found self-explanatory.

With regard to Letters of Credit issued in Pounds Sterling, it will be noted, upon consulting the specimen shown on a succeeding page, that the drafts are drawn on the Guaranty Trust Company of New York, London, instead of New York, as is the case with dollar credits. One set of documents accompanies the draft to London, and the remaining documents are forwarded direct to New York from the point of shipment to insure receipt of documents at about the same time as the merchandise.

Letters of Credit drawn in other foreign currencies operate in about the same fashion as Sterling Letters of Credit; drafts, however, in this case are drawn on Foreign Correspondents of the Guaranty Trust Company of New York, and accepted by them.

Guaranty Trust Company of New York
APPLICATION FOR LETTER OF CREDIT

New York, Jan. 2, 1921.

GUARANTY TRUST COMPANY OF NEW YORK
FOREIGN DEPARTMENT

Import Division
New York City

GENTLEMEN;

Please issue an Irrevocable Letter of Credit by cable
mail

For account of _____

In favor of John Smith and Co., Buenos Aires, Argentina

Amount \$10,000.00 available by drafts at sight
(sight, thirty, sixty or ninety days)

against documents as follows:

Bills of Lading reading "Received for Shipment" or otherwise worded to same effect are acceptable against this credit.

Invoice

Consular Invoice

other documents {

covering Full invoice value of C. I. F., C. & F., F. O. B., F. A. S. Shipments
75% (cross out all but one)

800 Bags Coffee

to be shipped from Buenos Aires to New York City

Drafts to be negotiated on or before March 31, 1921.

Insurance to be effected by Shippers
(Shipper or Purchaser)

Partial shipments are to be permitted.

Special Instructions _____

The Letter of Credit is subject to your usual terms and conditions, and in consideration of the issuance thereof we agree to reimburse you on demand, and we hereby authorize you to charge our account with you with any and all amounts for which you are liable thereunder, plus your commission and charges.

Neither you nor your correspondents shall be responsible for the description, quantity, quality or value of the merchandise shipped under this credit, nor for the correctness, genuineness or validity of the documents, nor for delay or deviation from instructions in regard to shipment, nor for any other cause beyond your control.

Very truly yours,

The Guaranty Trust Company of New York does not assume responsibility for any inaccuracy, interruption, or delay in the transmission or delivery of messages by cable.

John Smith and Co.,

New York City

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Import Letter of Credit (Dollars)

Credit No. 134567

Guaranty Trust Company of New York

Foreign Department

For \$100,000—U.S.C.

New York, February 11, 1921

Messrs. John Doe & Company,

Yokohama, Japan

Gentlemen;

At the request and for the account of Messrs. Johnson Crawford & Company, New York

we hereby authorize you to value on

Guaranty Trust Company of New York, New York

by your drafts at Four (4) Months sight for any sum or sums not exceeding a total of

One hundred thousand dollars (\$100,000)

accompanied by commercial invoice, consular invoice, bills of lading Marine and war-risk, insurance certificates

representing cost, insurance and freight shipment of Raw Silk from Yokohama, Japan, to New York

Insurance Marine and war-risk insurance to be effected by the shippers

Bills of lading for such shipments must be drawn to the order of THE GUARANTY TRUST COMPANY OF NEW YORK, unless otherwise specified in this credit.

A COPY OF THE CONSULAR INVOICE AND ONE BILL OF LADING MUST BE SENT BY THE BANK OR BANKER NEGOTIATING DRAFTS, DIRECT TO THE GUARANTY TRUST COMPANY OF NEW YORK, NEW YORK.

THE AMOUNT OF EACH DRAFT NEGOTIATED TOGETHER WITH THE DATE OF NEGOTIATION MUST BE ENDORSED HEREON.

We hereby agree with bona fide holders that all drafts drawn by virtue of this Credit, and in accordance with the above stipulated terms, shall meet with due honor upon presentation at the Guaranty Trust Company of New York, New York, if drawn and negotiated on or before May 31, 1921

Guaranty Trust Company of New York

N. B.—All drafts drawn under this Credit must bear clause "drawn under G. T. Co. of N. Y. Letter of Credit No. 134567 dated New York, Feb. 11, 1921 to cover shipment of Raw Silk from Yokohama to New York

[29]

Dollar Import Letter of Credit Agreement

New York, _____ 192 _____

TO THE

Guaranty Trust Company of New York

GENTLEMEN:

Having received from you the Letter of Credit on _____ account of which a true copy is on the other side, ^I_{we} hereby agree to its terms, and in consideration thereof ^I_{we} agree with you to provide in New York, day previous to the Maturity of the Bills drawn in virtue thereof, sufficient funds in cash, to meet the payment of the same with _____ per cent. commission, and ^I_{we} undertake to insure at ^{my}_{our} expense, for your benefit, against risk of Fire or Sea, all property purchased or shipped pursuant to said Letter of Credit, in Companies satisfactory to you.

^I_{we} agree that the title to all property which shall be purchased or shipped under the said credit, the bills of lading thereof, the policies of insurance thereon and the whole of the proceeds thereof, shall be and remain in you until the payment of the bills referred to and of all sums that may be due or that may become due on said bills or otherwise, and until the payment of any and all other indebtedness and liability now existing or now or hereafter created or incurred by ^{me}_{us} to you on any and all other transactions now or hereafter had with you, with authority to take possession of the same and to dispose thereof at your discretion for your reimbursement as aforesaid, at public or private sale, without demand or notice, and to charge all expenses, including commission for sale and guarantee.

Should the market value of said merchandise in New York, either before or after its arrival, fall so that the net proceeds thereof (all expenses, freight, duties, etc., being deducted) would be insufficient to cover your advances there against with commission and interest, ^I_{we} further agree to give you on demand any further security you may require, and in default thereof you shall be entitled to sell said merchandise forthwith, or to sell "to arrive," irrespective of the maturity of the acceptances under this Credit, ^I_{we} being held responsible to you for any deficit, which ^I_{we} bind and oblige ^{myself}_{ourselves} to pay you in cash on demand.

In case ^I_{we} should hereafter desire to have this credit confirmed, altered or extended by cable (which will be at ^{my}_{our} expense and risk), ^I_{we} hereby agree to hold you harmless and free from responsibility from errors in cabling, whether on the part of yourselves or your Agents, here or elsewhere, or on the part of the cable companies.

This obligation is to continue in force, and to be applicable to all transactions, notwithstanding any change in the composition of the firm or firms, parties to this contract or in the user of this credit, whether such change shall arise from the accession of one or more new partners, or from the death or secession of any partner or partners.

[FRONT]

[30]

It is understood and agreed that if the documents representing the property for which the said Credit has been issued are surrendered under a trust receipt, collateral security satisfactory to the Trust Company, such as stocks, bonds, warehouse receipts, or other security shall be given to the Trust Company, to be held until the terms of the credit have been fully satisfied and subject in every respect to the conditions of this agreement.

It is further understood and agreed in the event of any suspension, or failure, or assignment for the benefit of creditors on ^{my}_{our} part, or of the nonpayment at maturity of any acceptance made by ^{me}_{us}, or of the nonfulfillment of any obligation under said credit or under any other credit issued by The Guaranty Trust Company of New York on ^{my}_{our} account, or of any indebtedness or liability on ^{my}_{our} part to you, all obligations, acceptances, indebtedness and liabilities whatsoever shall thereupon, at your option then or thereafter exercised, without notice, mature and become due and payable.

It is understood and agreed that you and your correspondents shall not be held responsible for the correctness or validity of the documents representing shipment or shipments, nor for the description, quantities, quality or value of the merchandise declared therein.

[31]

Import Letter of Credit (Pounds Sterling)

Credit No. 1345678

Guaranty Trust Company of New York

For £200,000

Foreign Department

New York, February 11, 1921

Messrs. Chas. S. Goodwin & Co.,

Colombo, Ceylon.

Gentlemen:

At the request and for the account of Messrs. Charles S. Weatherby & Co., Inc., New York

we hereby authorize you to value on

Guaranty Trust Company of New York, 32 Lombard St., London

by your drafts at Four (4) months sight for any sum or sums not exceeding a total of

Two hundred thousand pounds Sterling (£200,000)

accompanied by commercial invoice, consular invoice, bills of lading

representing 75% cost f.o.b.

shipment of Crude Rubber from Colombo, Ceylon

to United States Atlantic Port

Insurance—Marine and war-risk insurance effected in New York

Bills of lading for such shipments must be drawn to the order of THE GUARANTY TRUST COMPANY OF NEW YORK, unless otherwise specified in this credit.

A COMMERCIAL INVOICE, CERTIFIED COPY OF THE CONSULAR INVOICE AND ONE BILL OF LADING MUST BE SENT DIRECT TO THE GUARANTY TRUST COMPANY OF NEW YORK, NEW YORK, BY THE NEGOTIATING BANK, WHOSE CERTIFICATE TO THAT EFFECT TOGETHER WITH THE REMAINING DOCUMENTS MUST ACCOMPANY YOUR DRAFT.

THE AMOUNT OF EACH DRAFT NEGOTIATED TOGETHER WITH THE DATE OF NEGOTIATION MUST BE ENDORSED HEREON.

We hereby agree with bona fide holders that all drafts drawn by virtue of this Credit, and in accordance with the above stipulated terms, shall meet with due honor upon presentation at the Guaranty Trust Company of New York, LONDON, if drawn and negotiated on or before May 31, 1921

Guaranty Trust Company of New York

N. B.—All drafts drawn under this credit must bear clause "drawn under G. T. Co. of N. Y. Letter of Credit No. 1345678 dated New York, Feb. 11, 1921" to cover shipment of Raw Silk from Yokohama to New York.

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Sterling Import Letter of Credit Agreement

New York, _____, 19____

To the

Guaranty Trust Company of New York

Gentlemen:

Letter of Credit having been issued at ^{my}our request, of which a true copy is on the other side, ^Iwe hereby agree to its terms, and in consideration thereof ^Iwe agree with you to provide in New York, at such time previous to the Maturity of the Bills drawn in virtue thereof as may be decided by you, sufficient funds in cash, or in Bills on London, satisfactory to you, and endorsed by ^{me}us to meet the payment of the same with _____ per cent. commission and interest as hereinafter provided, and ^Iwe undertake to insure at ^{my}our expense, for your benefit, against risk of Fire or Sea, all property purchased or shipped pursuant to said Letter of Credit, in Companies satisfactory to you.

^Iwe agree that the title to all property which shall be purchased or shipped under the said credit, the bills of lading thereof, the policies of insurance thereon and the whole of the proceeds thereof, shall be and remain in you until the payment of the bills referred to and of all sums that may be due or that may become due on said bills or otherwise, and until the payment of any and all other indebtedness and liability now existing or now or hereafter created or incurred by ^{me}us to you on any and all other transactions now or hereafter had with you, with authority to take possession of the same and to dispose thereof at your discretion for your reimbursement as aforesaid, at public or private sale, without demand or notice, and to charge all expenses, including commission for sale and guarantee.

Should the market value of said merchandise in New York, either before or after its arrival, fall so that the net proceeds thereof (all expenses, freight, duties, etc., being deducted) would be insufficient to cover your advances thereagainst with commission and interest ^Iwe further agree to give you on demand any further security you may require, and in default thereof you shall be entitled to sell said merchandise forthwith, or to sell "to arrive" irrespective of the maturity of the acceptances under this Credit, ^Iwe being held responsible to you for any deficit, which ^Iwe bind and oblige ^{myself}ourselves to pay you in cash on demand.

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It is understood that in all payments made by $\frac{m}{u}$ to you in the United States, the Pound Sterling shall be calculated at the current rate of exchange for Bankers' Bills in New York on London existing at the time of settlement, and that interest, if any, shall be charged at the rate for overdrafts current in London, at the time of settlement.

Should $\frac{I}{u}$ anticipate the payment of any portion of the amount payable, interest is to be allowed at a rate to be fixed by the Guaranty Trust Company of New York.

In case $\frac{I}{u}$ should hereafter desire to have this credit confirmed, altered or extended by cable (which will be at $\frac{m}{u}$ expense and risk), $\frac{I}{u}$ hereby agree to hold you harmless and free from responsibility from errors in cabling, whether on the part of yourselves or your Agents, here or elsewhere, or on the part of the cable companies.

This obligation is to continue in force, and to be applicable to all transactions, notwithstanding any change in the composition of the firm or firms, parties to this contract or in the user of this credit, whether such change shall arise from the accession of one or more new partners, or from the death or secession of any partner or partners.

It is understood and agreed that if the documents representing the property for which the said Credit has been issued are surrendered under a trust receipt, collateral security satisfactory to the Company, such as stocks, bonds, warehouse receipts or other security, shall be given to the Company, to be held until the terms of the credit have been fully satisfied and subject in every respect to the conditions of this agreement.

It is further understood and agreed in the event of any suspension, or failure, or assignment for the benefit of creditors on $\frac{m}{u}$ part, or of the nonpayment at maturity of any acceptance made by $\frac{m}{u}$, or of the nonfulfillment of any obligation under said credit or under any other credit issued by the Guaranty Trust Company of New York on $\frac{m}{u}$ account, or of any indebtedness or liability, on $\frac{m}{u}$ part to you, all obligations, acceptances, indebtedness and liabilities whatsoever shall thereupon, at your option then or thereafter exercised, without notice, mature and become due and payable.

It is understood and agreed that you and your correspondents shall not be held responsible for the correctness or validity of the documents representing shipment or shipments, nor for the description, quantities or quality of the merchandise declared therein.

Kindly execute above form and return to Guaranty Trust Company.

Domestic Credits

Oftentimes the beneficiary of an export credit will require a subsidiary domestic credit opened in favor of his supplier. This form of credit is usually available against domestic documents such as railroad bills of lading or negotiable warehouse receipts, which are in turn exchanged for ocean documents required by the terms of the original export credit.

Revolving Credit

Revolving credits may be divided into four classifications, of which these are examples:

- (a) Where a credit is opened for say \$10,000 with the stipulation that the outstanding drafts drawn thereunder must not exceed at any time the face amount of the credit.
- (b) Where the credit is opened for a specific amount and must be drawn for in total. This specified amount is available again when advice is received that the outstanding draft has been paid.
- (c) Where the terms of the credit permit the beneficiary to draw in payment of his invoices any amount within the limit of the credit, whereupon the credit becomes immediately available for similar drawings.
- (d) Where the draft may be drawn for a specified amount weekly, monthly or even annually, as the terms of the credit may indicate.

This latter form may be accumulative or non-accumulative; meaning that if a draft is not drawn during one week the amount involved would accumulate and be available the next week.

Authority to Purchase

An Authority to Purchase is issued by a foreign bank to a domestic bank, or by one domestic bank to another, authorizing the bank addressed to negotiate under the issuing bank's protection drafts drawn by a seller on a buyer. The authority adds to the negotiability of the instrument; the rate of discount comparing favorably with a draft drawn directly on the bank itself.

The authority states the terms under which the drafts must be drawn, including the kind of documents to be attached.

The principal difference between an Authority to Purchase and a banker's revocable or irrevocable letter of credit is that the issuing bank under the former retains its rights against the seller of the goods, that is, the drawer of the bill; whereas

under a letter of credit the seller is relinquished from all liability to the issuing bank after the acceptance or payment of his draft. In other words, the negotiating bank is guaranteed by the issuing bank, but no other holder of the bill stands in a similar position.

The advising of an Authority to Purchase as in the case of the advising of another bank's letter of credit, imposes no liability on the advising bank, negotiation in either case being optional on its part and with full recourse to the drawer.

At times an Authority to Purchase is issued without recourse to the drawer, in which case, of course, after the negotiation of his bill he has no further liability on the instrument.

Acceptance Credits

The financing of international trade and domestic transactions involving major staple commodities has, in the last few years, been greatly extended by the establishment of the Federal Reserve System, and by the use of acceptances.

The discount facilities now available make it possible for banking institutions to increase their ability to aid in the financing of commercial transactions by the use of their credit. This is accomplished by the bank accepting for account of its clients drafts drawn in accordance with the regulations of the Federal Reserve Act, thereby placing in their hands an instrument upon which they can readily realize cash through the discount market.

The most common form of acceptance is that which is drawn under an Import, Export or Domestic Letter of Credit. The difference between this acceptance and the form shown on page 43 is that the drafts bear the notation "Drawn under Guaranty Trust Company of New York letter of credit No. 000."

It must describe on the face of the acceptance the nature of the merchandise involved, point of shipment and destination.

The purpose and methods employed in the use of acceptance credits are:

An acceptance credit may be revocable or irrevocable, or clean or documentary and the drafts drawn thereon may be accepted payable at a specified time from the date of the draft or at 30, 60, 90 days sight and upwards according to the terms of the credit. When accepted by members of the Federal Reserve System, drafts drawn for not more than 90 days, exclusive of days of grace, are eligible for rediscount with the Federal Reserve Banks under the following transactions:

1. When they arise out of a transaction involving the importation or exportation of goods;
2. When they arise out of a transaction involving the domestic shipment of goods;
3. When they are secured by readily marketable staples in storage, or
4. When drawn for the purpose of furnishing dollar exchange.

Drafts drawn or issued for agricultural purposes or based on live stock may have a maturity at the time of discount of not more than six months, exclusive of days of grace. Acceptance credits are opened in precisely the same manner as import and export sight credits, the only difference being that repayment to the bank is not made until the draft matures.

Acceptance Agreement

On pages 39, 40 and 41 we show a copy of an "acceptance agreement" which is used in connection with acceptance credits granted for the purpose of financing imports or exports to or from the United States, or merchandise stored in warehouses in this country, or in warehouses in other countries, while awaiting shipment to the United States or another country.

This form of agreement is signed by the client of the Guaranty Trust Company at the time the credit is arranged for.

ACCEPTANCE AGREEMENT

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For and in consideration of the acceptance by GUARANTY TRUST COMPANY OF
NEW YORK, of my/our draft on it numbered _____ dated _____
payable _____ for _____

Dollars

(\$ _____), and all other drafts which may hereafter be accepted by the Guaranty Trust Company of New York at my/our request, I/we hereby deposit with and assign and transfer to said Trust Company as collateral security for the payment of said drafts at maturity, as well as for the payment of any and every debt or liability of every nature from the undersigned to said Trust Company.

with such additional collaterals as may from time to time be required by any of the officers of said Trust Company, and which the undersigned hereby promises to furnish on demand. And the undersigned hereby gives to said Trust Company, or its assigns, full power to sell, assign and deliver the whole or any part of said collaterals, or any substitutes therefor, or any additions thereto, at any Brokers' Exchange or elsewhere at public or private sale, at the option of such holder, on the non-performance of any of the promises herein contained, and without notice of amount due or claimed to be due, without demand of payment, without advertisement and without notice of the time or place of sale, each and every of which is hereby expressly waived; and on any such sale the Trust Company, its assigns or any of the officers of said Trust Company, may purchase on its own account and without further accountability except for the purchase price thereof, the whole or any part of the property sold free from any right of redemption on the part of the undersigned, which right is hereby waived and released.

It is further agreed, that any surplus arising from the sale of said collaterals, beyond the amount due hereon, shall be applicable upon any claim of the said Trust Company arising directly or by assignment against the undersigned at the time of said sale, whether the same be then due or not due.

And it is further agreed that any moneys or properties, at any time, in the possession of GUARANTY TRUST COMPANY OF NEW YORK belonging to any of the parties liable hereon to said Trust Company, and any deposits, balance of deposits or other sum at any time credited by or due from said Trust Company to any of said parties, shall at all times be held and treated as collateral security for the payment of any other obligation, indebtedness or liability of the undersigned to the said Trust Company, whether due or not due, and said Trust Company may at any time, at its option, set off the amount due or to become due hereon or any other obligations against any claim of any of said parties against said Trust Company.

And I/we also agree to place said Trust Company in possession of sufficient funds in cash previous to the maturity of said draft, and of any other drafts which the said Trust Company may hereafter from time to time accept to meet the maturity of said draft or drafts respectively, together with commission as agreed and any interest which may accrue thereon, calcu-

[FRONT]

lated at the rate of 6 per cent. (6%) per annum. Any and all drafts or bills of exchange now or hereafter delivered by me/us to said Trust Company to be collected shall be delivered to and received by it as security for said acceptance or acceptances without impairing in any way my/our obligation hereunder to place said Trust Company in funds before the maturity of said acceptance or acceptances as aforesaid, and all documents relating to such bills for collection shall likewise be held and received by said Trust Company as security with the privilege of delivering same to drawees upon acceptance or acceptances unless instructions to the contrary shall be attached to each bill.

The said Trust Company shall have the right to apply the proceeds of such collections against the payment of said acceptance or acceptances and of any other indebtedness due or to become due from me/us.

It is expressly agreed that I/we assume all responsibility for the collection of drafts or bills delivered as aforesaid and for any loss, costs or expenses suffered or incurred by said Trust Company in connection therewith, and that said Trust Company shall be held free of responsibility for, and my/our obligation to place said Trust Company in funds as aforesaid shall not be affected or impaired by, any default, neglect, suspension, insolvency or bankruptcy of any correspondent or sub-agent to whom said bills or drafts may be entrusted for collection or for any delay in remittance, loss in exchange, or the loss of the said drafts or bills or their proceeds during transmission or in the course of their collection, and I/we expressly agree to assume all responsibility for, and that my/our said obligation to said Trust Company shall not be affected or impaired by, the non-payment of any bills of exchange which may be received by said Trust Company, or by any collecting bank, agent or sub-agent in payment of such drafts or bills of exchange.

I/we also assume all responsibility of, and said obligation to place said Trust Company in funds shall not be affected or impaired by, any risk or error in the course of transmission of telegrams and cablegrams or the loss of letters or other documents which may be sent in connection with the said drafts or bills for collection.

I/we also agree that in the event that any of the said Trust Company's correspondents, agents or sub-agents for collection of said drafts or bills shall advise it that any of said drafts or bills are not promptly accepted or paid, or in the event of the suspension, failure or assignment for the benefit of creditors, or by the filing of a petition in bankruptcy against the drawee or the drawees of any of said bills for collection, that I/we will immediately upon receipt of such notice, waiving protest, and notice of protest, pay or cause to be paid to said Trust Company in cash the face amount of any such draft or bill for collection which has not been accepted or the drawee of which has suspended, failed or assigned or against whom a petition in bankruptcy has been filed as aforesaid.

In the event of my/our suspension, failure or assignment for the benefit of creditors, or of a petition in bankruptcy being filed against me/us, or the non-fulfillment of any obligation hereunder on my/our part to be performed, all obligations and liabilities to said Trust Company on my/our part shall immediately, without notice, accrue and mature and become due and payable, and it is also agreed that in either of those events, said Trust Company may take such action with respect to the collection of any or all of said drafts and bills delivered as aforesaid for collection as it may deem advisable to protect its interests, and I/we hereby agree to indemnify and save said Trust Company harmless from any loss, costs, damage, expense (including reasonable attorneys' fees), suffered or incurred by it by reason of such action or by reason of my/our failure to perform any of the obligations arising hereunder.

This obligation shall continue in force and remain applicable notwithstanding any change in the individuals comprising our firm, whether such change shall arise from the accession of one or more new partners or from the death, retirement or succession of any partner or partners.

All rights arising under this agreement shall be determined according to the laws of the State of New York.

[FRONT—CONTINUED]

WHEREAS,

the undersigned has/have requested the GUARANTY TRUST COMPANY OF NEW YORK to accept the drafts mentioned and described in the acceptance agreement of _____

dated the _____ day of _____ 192____, printed on the reverse side hereof, and

WHEREAS, the said GUARANTY TRUST COMPANY OF NEW YORK is willing to execute such acceptances provided the undersigned will unconditionally guarantee to it the prompt payment at maturity of the said drafts and of any other drafts of _____

_____ which the said Trust Company may hereafter accept from time to time.

NOW, IN CONSIDERATION OF THE PREMISES and of the sum of One Dollar to the undersigned in hand paid, the receipt whereof is hereby acknowledged, the undersigned do _____ hereby unconditionally guarantee to the said GUARANTY TRUST COMPANY OF NEW YORK, its successors, endorsees and assigns, the prompt payment at maturity of any and all drafts accepted by the GUARANTY TRUST COMPANY OF NEW YORK, pursuant to said acceptance agreement, and any and all renewals and extensions thereof, the prompt performance by _____

of all the terms, conditions and covenants contained in said acceptance agreement, and the payment of every debt and liability of _____

_____ to the

GUARANTY TRUST COMPANY OF NEW YORK.

The undersigned hereby consents to any renewal and extension of time of payment of any draft, drafts or other indebtedness that may be granted by the GUARANTY TRUST COMPANY OF NEW YORK, and do _____ also consent that the securities set forth in said acceptance agreement may be exchanged or surrendered from time to time without notice to, or further assent from the undersigned, and that the undersigned will remain bound upon this guarantee notwithstanding such changes, surrenders, renewals and extensions.

The undersigned expressly waives presentment, demand of payment, protest and notice of dishonor of said drafts and acceptances thereof, and does also waive notice of the non-performance on the part of _____

of any of the provisions or covenants of the aforesaid acceptance agreement on his/its/their part to be performed and notice of any sale of the collateral securities aforesaid.

This guarantee is made without any limitation as to duration or amount, and the undersigned agree _____ that it shall continue and that the said GUARANTY TRUST COMPANY OF NEW YORK may continue to act on the faith thereof to any extent until such time as the said Trust Company shall receive from me/us written notice of its withdrawal: which notice, however, shall not in any wise affect any draft and acceptance theretofore made or any other liability theretofore incurred, whether then due and payable or thereafter to become due and payable, and not fully paid at the time of the receipt by the said Trust Company of said notice.

The undersigned declares to and covenants with the said GUARANTY TRUST COMPANY OF NEW YORK, its successors, endorsees and assigns, that the undersigned ha _____ no defense whatever to any action, suit or proceeding at law, or otherwise, that may be instituted upon this guarantee.

This guarantee shall be construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned ha _____ set his/our hand _____ and seal _____ this _____ day of _____ 192____.

_____(L. S.)

[BACK]

TRADE ACCEPTANCE Due April 10, 1919

No. 137- 1919

New York, N.Y., January 10th, 1919 \$15,300.00

Ninety days after date pay to the order of OURSELVES

Fifteen thousand three hundred 00/100 Dollars

The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, maturity being in conformity with original terms of purchase. The drawee may accept this bill payable at any bank, trust company or banker's office in the United States which he may designate.

To Brown, Black
(Name of drawer)

157 - 10th Street
(Street address)

Date (City) New York

A. Blank and Co.
(Signature of drawer)

Treas.

Form of Trade Acceptance Based on Domestic Sales of Merchandise

This form of acceptance is daily becoming more popular. It eliminates the old system of "open accounts." Instead of a merchant selling to a buyer on 60 days open account, the buyer accepts a draft at 60 days date or sight which the merchant can discount with his bankers, thus avoiding a tie-up of his capital.

The Guaranty Trust Company of New York is always ready to consider the discounting of trade acceptances.

To those who are not fully familiar with the advantages to be gained by using trade acceptances in their business we shall be pleased to send full information on this subject.

Galveston Cotton Company

Galveston, Texas - - - February 20, - - - 1919

days after sight pay to the order of

10000 Dollars

To Guaranty Trust Company of New York
140 Broadway,
New York

7.00 -

Galveston Cotton Company,
Vice-President.

Form of Bank Acceptance Not Based on Imports or Exports to or from the United States

This form of acceptance is used in connection with acceptance credits (not letters of credit) granted for the purpose of financing stocks of staple commodities stored in warehouses, and documentary drafts forwarded for collection. To those who are not familiar with acceptance credits, and not fully aware of the importance of such facilities, the Guaranty Trust Company of New York will be pleased to send additional booklets which contain full explanations regarding acceptance credits and acceptances.

TRADE ACCEPTANCE Due April 10, 1919

No. 137- 1919 New York

New York, N.Y., January 10th, 1919 \$15,300.00

Ninety days after date pay to the order of OURSELVES

Fifteen thousand three hundred and 00/100 Dollars

The obligation of the acceptance hereby arises out of the purchase of goods from the drawer, maturity being in conformity with original terms of purchase. The drawee may accept this bill payable at any bank, trust company or banker's office in the United States which he may designate.

To Brown, Black & Co.
(Name of drawee)

157 Oth Street
(Street address)

Date Jan 10 1919
(City)

A. Blank and Co.
(Signature of drawer)

Treas.

Form of Trade Acceptance Based on Domestic Sales of Merchandise

This form of acceptance is daily becoming more popular. It eliminates the old system of "open accounts." Instead of a merchant selling to a buyer on 60 days open account, the buyer accepts a draft at 60 days date or sight which the merchant can discount with his bankers, thus avoiding a tie-up of his capital.

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To those who are not fully familiar with the advantages to be gained by using trade acceptances in their business we shall be pleased to send full information on this subject.

Galveston, Texas - - - February 20, - - - 1919

Payable to the order of Galveston Cotton Company

140 Broadway, New York

Galveston Cotton Company, Vice-President.

Form of Bank Acceptance Not Based on Imports or Exports to or from the United States

This form of acceptance is used in connection with acceptance credits (not letters of credit) granted for the purpose of financing stocks of staple commodities stored in warehouses, and documentary drafts forwarded for collection. To those who are not familiar with acceptance credits, and not fully aware of the importance of such facilities, the Guaranty Trust Company of New York will be pleased to send additional booklets which contain full explanations regarding acceptance credits and acceptances.

Advances, Time Loans and Loans Against Collections

Advances

Advances are practically loans payable on demand, and are made:

To finance merchandise being prepared for export, usually secured by domestic Bills of Lading or Warehouse Receipts;

To finance exports of various commodities, payment for which will be made abroad, upon delivery of the relative documents;

To finance, under a bank guarantee, a customer residing abroad.

To finance a foreign customer against deposit of suitable securities with a bank abroad for our account;

To finance imports between time of arrival of merchandise and delivery to purchaser.

Time Loans

Time loans are made under the same conditions as those mentioned above, except that they have a definite maturity.

Collection Loans

Collection loans may be advances or time loans. They are secured by documentary drafts forwarded for collection. When advice is received that the item is paid, the loan or a part thereof is liquidated.

Shipping Documents

A complete set of shipping documents consists of:

Invoice.

Complete set of Ocean Bills of Lading.

Marine and War Risk Insurance certificates or policies in duplicate.

Consular Invoice.

Other documents, such as an Inspection Certificate, Analysis Certificate, Weight Certificate and Certificate of Origin may be required, according to the terms of sale, the kind of product shipped or the destination of the shipment. However, the majority of shipments require only the four documents previously mentioned.

Invoice

The invoice usually contains the following data:

Date.

To whom invoiced; name and address.

Name and address of Consignee.

How shipped, name of steamer and route.

Description of merchandise.

Terms of sale.

How packed.

Weights, gross, tare and net.

Invoice price and how figured.

Discounts or other deductions from invoice price, also petty charges or additions all itemized.

Marks and numbers.

Bills of Lading

(Abbreviation B/L; plural BS/L)

An ocean bill of lading is the most important of the shipper's papers. It is customarily drawn up by the shipper on forms which the carrier supplies, and which are signed by the latter after delivery of the dock receipt and the shipper's manifest. Besides being the final receipt from the carrier, the ocean bill of lading constitutes a shipping contract between the carrier and shipper. It becomes a negotiable document, and may be used by the shipper as the basis for a draft if it is drawn to his order. It is not the usual practice, however, for the ocean bill of lading to be drawn in the consignee's name unless he has a special agreement with the shipper, or unless advance payment has been made or security arranged before shipment. The basis of financial settlement most commonly employed in foreign trade is by drafts, or bills of exchange, to which have been attached a shipper's invoice, insurance policy, and ocean bill of lading. The number of copies of the bill of lading required vary according to the nature of the transaction. Banks, if settlement is to be made by draft, will require two or more negotiable copies and the possession of all the negotiable copies. Non-negotiable copies will also be needed by the shipper, the carrier, and the consignee for filing, and by foreign consuls to meet the provisions of the law.

An export bill of lading is used in cases where the exporter at an inland point wishes to bill his goods from point of shipment to foreign point of receipt, port or interior. By obtaining a through bill of lading from a railroad the exporter obviates the necessity of securing a railway bill of lading to the export port, and then an ocean bill of lading to the foreign port of receipt. The export bill of lading constitutes a triple contract, covering: (1) Shipment by rail or water to port of export; (2) Shipment by sea; (3) Shipment from foreign port of entry to inland destination.

A parcel receipt is issued by ocean carriers to expedite the transportation of small packages, most commonly samples, although general merchandise is so shipped on occasions. The value, weight, and dimensions of the goods carried are restricted. Parcel shipments are designed to avoid the high rates that would have to be paid for small lots of goods under the minimum freight charge usually stipulated in ocean bills of lading, under which nothing less than a ton rate or a specified amount would be accepted, no matter how small the consignment. Numerous shipping lines are now using these receipts.

The matter of bills of lading is so complex and includes such a multitude of conditions governing the shipment of merchandise that it is impracticable here to reproduce the numerous forms that are in use by the shipping companies or to discuss the whole subject in detail. Ocean Bills of Lading are not uniform like railroad bills of lading. Each steamship company has its own form and conditions according to the countries between which its steamers run. Entirely different bills of lading, for instance, are used for shipments to South America and for those destined to France or England, although both bills of lading may be issued by the same steamship company.

Marine Insurance

A set of shipping documents is never complete without a Marine Insurance Policy or Certificate, as both by law and by the contract provisions of their bills of lading ocean carriers have a greatly limited liability.

Marine insurance not only affords protection to the shipper, consignee and banker, but is also an economic factor in the price of goods since it eliminates the risk of loss to the consignor in case of non-delivery. It is a necessary factor in negotiating credit on a consignment.

A marine insurance policy is very explicit in its limitations. Ordinarily it provides for payment only in the event of total loss of the shipment through "perils of the seas." Such insurance is usually not acceptable to bankers who require that at least partial loss or damage to the shipment through "perils of the seas" be insured. In most cases this can readily be included by insertion on the insurance certificate of a "Particular Average" clause.

In addition to covering loss due to "perils of the seas" marine insurance can by agreement be made to include loss through "breakage and leakage" and "theft and pilferage" of cases, barrels, etc. or their contents. The amount of insurance may include freight rates and profits, but usually it is the invoice value of the shipment plus twenty per centum.

Unless specifically stated it is understood that the shipment is going forward "under deck." If a shipment is made "on deck" the insurance certificate must so specify. In the case of shipments "on deck" the insurance is only against total loss due to "perils of the sea" and the insurance is not subject to claims for injury or damage due to the elements. Such shipments may, however, be made to include loss due to "jettison or washing overboard."

Bankers require certificate or policies of insurance issued by responsible insurance companies, and "brokers certificates" are not usually accepted.

As the papers covering shipments are usually negotiable, especially the insurance certificates, it is indispensable that the ownership, in case of loss of the shipment, be vested in the holder of the documents. For this reason the endorsement on certificates should be made in blank. This procedure simplifies matters in the event of a claim.

There are various policies under which marine insurance is written. In some cases foreign buyers instruct the shipper to insure under their open policy, in which event a notification is sent to the agents of the company, who issue a certificate or acknowledgment. Under other circumstances shipments may be insured under separate policies issued to the shipper on each shipment.

The most convenient and simple method of providing insurance is under an "open policy" issued to the shipper. Details relating to each shipment are furnished to the company who issued the policy, and a certificate is prepared. Sometimes the shipper is authorized to prepare and issue certificates on behalf of the company with whom the "open policy" was placed.

Trust Receipts

Trust Receipts are sometimes accepted as temporary collateral from responsible customers, in exchange for shipping documents or warehouse receipts.

They are used to permit the American exporter to exchange his inland documents or warehouse receipts for ocean documents, or vice versa, to permit the importer to exchange his ocean documents for warehouse receipts or railroad documents.

They are also used when a merchant withdraws collateral which has been pledged as security for a loan, for the purpose of sale or shipment.

The substance of these receipts is simply that the merchandise remains the property of the bank, and is released to the customer on his promise that he will deliver to the bank within a given time, other documents representing the same merchandise or the equivalent in cash. Another important stipulation is that the merchandise will at all times be covered by insurance.

TRUST RECEIPT

Received from THE GUARANTY TRUST CO. OF NEW YORK the following goods and merchandise, their property, specified in the Bill of Lading per S.S. _____

Dated _____ marked and numbered as follows;

(Space is left here for description of merchandise)

and, in consideration thereof, $\left\{ \begin{array}{c} \text{I} \\ \text{we} \end{array} \right\}$ HEREBY AGREE TO HOLD SAID GOODS IN TRUST for them, and as their property, with liberty to sell the same for their account, and further agree, in case of sale, to hand the proceeds to them to apply against the acceptances of THE GUARANTY TRUST CO. OF NEW YORK on $\left\{ \begin{array}{c} \text{my} \\ \text{our} \end{array} \right\}$ account, under the terms of the Letter of Credit No. _____ issued for $\left\{ \begin{array}{c} \text{my} \\ \text{our} \end{array} \right\}$ account and for the payment of any other indebtedness of $\left\{ \begin{array}{c} \text{mine} \\ \text{ours} \end{array} \right\}$ to THE GUARANTY TRUST CO. OF NEW YORK.

THE GUARANTY TRUST CO. OF NEW YORK may at any time cancel this trust and take possession of said goods, or of the proceeds of such of the same as may then have been sold, wherever the said goods or proceeds may then be found and in the event of any suspension, or failure, or assignment for the benefit of creditors, on $\left\{ \begin{array}{c} \text{my} \\ \text{our} \end{array} \right\}$ part, or of the non-fulfillment of any obligation, or of the non-payment at maturity of any acceptance made by $\left\{ \begin{array}{c} \text{me} \\ \text{us} \end{array} \right\}$ under said credit, or under any other credit issued by THE GUARANTY TRUST CO. OF NEW YORK on $\left\{ \begin{array}{c} \text{my} \\ \text{our} \end{array} \right\}$ account or of any indebtedness on $\left\{ \begin{array}{c} \text{my} \\ \text{our} \end{array} \right\}$ part to them, all obligations, acceptances, indebtedness and liabilities whatsoever shall thereupon (with or without notice) mature and become due and payable. The said goods while in $\left\{ \begin{array}{c} \text{my} \\ \text{our} \end{array} \right\}$ hands shall be fully insured against loss by fire.

Dated, New York City _____ 192 _____

(Signed) _____

£ _____ Stg.

NOTE.—This form is used when the merchandise is entrusted to the merchant for purpose of sale. All payments whether partial or complete should immediately be handed to the bank regardless of the fact that the obligations for which the merchandise is collateral may not be due.

192

[illegible]

Signed

[52]

(FOR DELIVERY TO PURCHASER)

[53]

TRUST RECEIPT

(DOCUMENTS FOR WAREHOUSING)

Received from THE GUARANTY TRUST CO. OF NEW YORK Bill of Lading per _____
dated _____ for the following goods and merchandise,
their property, marked and numbered as follows:

imported under the terms of Letter of Credit No. _____, issued by them for
 $\left\{ \begin{array}{l} \text{my} \\ \text{our} \end{array} \right\}$ account the said Bill of Lading to be used by $\left\{ \begin{array}{l} \text{me} \\ \text{us} \end{array} \right\}$ for the sole purpose of entering the
above described property at the United States Custom House at the Port of _____

_____ and of storing the same in the name, and as the property, of the
said THE GUARANTY TRUST CO. OF NEW YORK, and subject only to their order, $\left\{ \begin{array}{l} \text{I} \\ \text{we} \end{array} \right\}$

hereby agreeing to so store the said property and to hand the storage receipt for the same to
the said THE GUARANTY TRUST CO. OF NEW YORK, when obtained.

$\left\{ \begin{array}{l} \text{I} \\ \text{We} \end{array} \right\}$ ALSO AGREE to fully insure said property against fire, the loss, if any, payable
to said THE GUARANTY TRUST CO. OF NEW YORK, and to hand to them the policies of insur-
ance thereon.

Dated _____ 192

(Signed) _____

£ _____

NOTE.—This form of Trust Receipt is also used in connec-
tion with Import Letters of Credit, and it is temporarily accepted
against the surrender of shipping documents, in order that the
goods covered by such documents may be placed in warehouse,
and pending the delivery of the warehouse receipt.

BAILEE RECEIPT

Received from the Guaranty Trust Company of New York
solely for the purpose of selling same for account of said Company:

_____ marked and numbered _____
and _____ hereby undertake to sell the property herein specified, for account of the said
Company, and collect the proceeds of the sale or sales thereof, and deliver the same immediately on
receipt thereof to the said Company, to be applied to the credit of _____

_____ hereby acknowledging _____ to be Bailee of the said property for the said
Company, and _____ do hereby assign and transfer to the said
Company the accounts of the purchaser or purchasers of said property to the extent of the purchase
price thereof, of which fact notice shall be given at the time of delivery of the said property by _____
to such purchaser or purchasers and all invoices therefor shall have imprinted, written or stamped
hereon by _____ the following:

"Transferred and payable to GUARANTY TRUST COMPANY OF NEW YORK,
140 Broadway, New York."

If the said property is not sold and the proceeds so deposited within ten days from this date,
_____ undertake to return all documents at once on demand, or to pay the value of
the goods, at the Company's option.

The said goods while in $\left\{ \begin{array}{l} \text{my} \\ \text{our} \end{array} \right\}$ hands shall be fully insured against loss by fire.

The terms of this receipt and agreement shall continue and apply to the merchandise above
referred to whether or not control of the same, or any part thereof, be at any time restored to the
Guaranty Trust Company of New York, and subsequently delivered to us.

Dated at New York City, _____ 192

NOTE.—This form of receipt is very specific as to the terms and
conditions under which possession of merchandise is obtained.

Bankers Foreign Drawings

The Guaranty Trust Company of New York grants facilities to its correspondent banks in the United States and abroad, which enable them to draw, under its protection, on its foreign correspondents in all parts of the world.

To those desiring to utilize this service the Guaranty Trust Company is prepared to furnish a Book of Correspondents covering practically the whole of the commercial world. This volume contains instructions relative to the methods to be followed in drawing these drafts and also indicates how the varying requirements of banks in the different nations may be met.

Correspondent banks may use their own draft forms, but to those not possessing specially engraved checks suitable for this purpose, the Guaranty Trust Company furnishes appropriate forms, free of charge, upon which is imprinted the name of the issuing bank. The name of the Guaranty Trust Company does not appear thereon.

Rate lists are furnished daily to those using these facilities, together with our buying rate for the principal foreign currencies, either gold, silver, or notes.

Post Remittances

Drafts are not always suitable for effecting the payments required by immigrants, particularly in connection with family payments to Italy, Austria, the Balkans, Scandinavian countries, and Asia Minor, where the beneficiaries frequently are living in villages and small towns, and where there is often an entire absence of banking facilities.

To meet these requirements we have inaugurated a Post Remittance Service, by means of which payment in the currency of the country is effected through our correspondents, directly at the address of the payee. For this purpose special forms are furnished, supplementary to the ordinary draft books.

Travelers Checks

"Dollar" Guaranty Travelers Checks are issued by this company in denominations of \$10, \$20, \$50, and \$100. These checks will be cashed in all parts of the world, at the buying rate for demand drafts on New York, on the day of presentation.

The advantage of our "Dollar" Guaranty Travelers Checks over checks cashable at a fixed rate of exchange lies in the fact that the holder receives payment at the rate of exchange prevailing on the day of encashment, which can be accepted or declined.

The form of Guaranty Travelers Checks is illustrated on the following page.



Form of Guaranty Travelers Check

Traveler's Letters of Credit

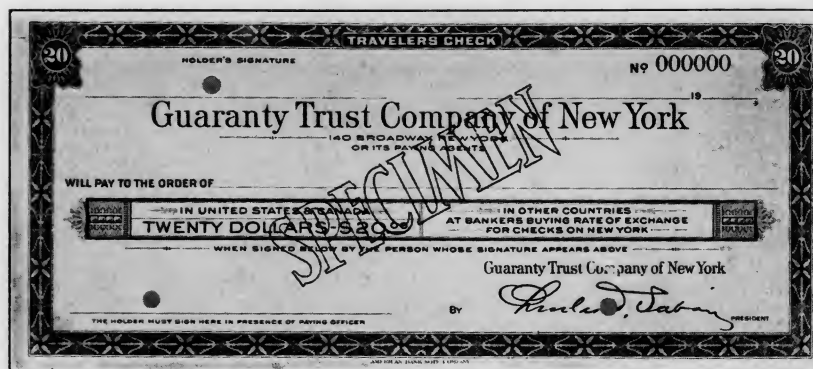
The Guaranty Trust Company of New York issues Traveler's Letters of Credit in

DOLLARS POUNDS STERLING FRANCS

These Letters of Credit are a convenient and desirable method of providing for the financial requirements of travelers. Funds can be obtained against these Letters of Credit from our correspondents in all parts of the world, a complete list of whom is furnished at the time of issuing the Letter of Credit.

In the case of "Dollar" Letters of Credit reimbursement is obtained through demand drafts on our office in New York; "Sterling" Letters of Credit by demand drafts on our London office, and "Franc" Letters of Credit by drafts on our Paris office.

In the following pages are reprinted facsimiles of Letters of Credit in their various forms.



Form of Guaranty Travelers Check

Traveler's Letters of Credit

The Guaranty Trust Company of New York issues Traveler's Letters of Credit in

DOLLARS POUNDS STERLING FRANCS

These Letters of Credit are a convenient and desirable method of providing for the financial requirements of travelers. Funds can be obtained against these Letters of Credit from our correspondents in all parts of the world, a complete list of whom is furnished at the time of issuing the Letter of Credit.

In the case of "Dollar" Letters of Credit reimbursement is obtained through demand drafts on our office in New York; "Sterling" Letters of Credit by demand drafts on our London office, and "Franc" Letters of Credit by drafts on our Paris office.

In the following pages are reprinted facsimiles of Letters of Credit in their various forms.

Guaranty Trust Company of New York
Circular Letter of Credit

No. 0000 \$3000-N.Y.

New York, February 24th 1919

Gentlemen,

We beg to introduce to you, and to commend to your courtesies
Mr. Herbert B. Smith in whose favor
 we have opened a credit of Three thousand
Dollars U.S. Currency and whose drafts to that extent drawn upon the
Guaranty Trust Company of New York
 we engage shall meet with due honor until December 31st 1919.
 The amount of each draft to be drawn on this letter and your
 negotiation of the drafts will be guaranteed provided the required
 endorsements have been made.
 You will please observe that all drafts to be marked as Drawn
against the Guaranty Trust Company of New York Letter of Credit No. 0000.
 This letter must be attached to the last draft drawn.

We remain, Dear Sir,
Yours faithfully,

Vice-President
H. B. Smith

SPECIMEN

To Messrs. Bank Correspondents

Traveler's Dollar Letter of Credit

Reimbursement through Dollar Drafts on New York

[FRONT]

[60]

SPECIFICATION
OF ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT.
 (Please endorse all payments in Dollars, U. S. currency in which this credit is issued.)

DATE WHEN PAID	PAID BY	DOLLARS AMOUNTS IN WORDS	DOLLARS AMOUNTS IN FIGURES
Feb 27	Los Angeles	Sixty dollars	\$ 60.00
March 3	St. Louis Union Bank	Forty Dollars	\$ 40.00
Amount carried forward			

Traveler's Dollar Letter of Credit

Any amounts paid against this credit are endorsed on the
Letter of Credit by the paying bank

[BACK]

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Guaranty Trust Company of New York
Circular Letter of Credit

No. 0000 \$3000-N.Y.

New York, February 24th 1919

Gentlemen,

We beg to introduce to you, and to commend to your courtesies
Mr. Herbert B. Smith _____ in whose favor
we have opened a credit of Three thousand
Dollars U. S. Currency and whose drafts to that extent of \$3000 upon the
Guaranty Trust Company of New York
we engage shall meet with due honor, if presented on or before December 31st 1919.
The amount of each payment shall be endorsed on this letter, and your
negotiation of the drafts will be subject to our guarantee that the required
endorsements have been made.

You will please observe that all such drafts be marked as Drawn
against the Guaranty Trust Company of New York Letter of Credit No. 0000
This letter must be attached to the last draft drawn.

We remain, Dear Sir,
Yours faithfully,
Signature of *H. B. Smith*

To Messrs. C. & Co. Correspondents

SPECIMEN

Traveler's Dollar Letter of Credit

Reimbursement through Dollar Drafts on New York

[FRONT]

[60]

SPECIFICATION
OF ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT.
(Please endorse all payments in Dollars, U. S. currency in which this credit is issued.)

DATE WHEN PAID	PAID BY	DOLLARS AMOUNTS IN WORDS	DOLLARS AMOUNTS IN FIGURES
Feb 24/19	Thos. F. & Co. Chicago	Sixty dollars	\$ 60.00
March 3, 1919	St. Louis Union Bank St. Louis	Forty dollars	\$ 40.00
Amount carried forward			

Traveler's Dollar Letter of Credit

Any amounts paid against this credit are endorsed on the
Letter of Credit by the paying bank

[BACK]

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Guaranty Trust Company of New York

Circular Letter of Credit

No. 0000

£ 2000 4

New York, February 20th 1899

Gentlemen,

We beg to introduce to you and to commend to your consideration
Mrs. J. M. Wilson _____ in whose favor
we have opened a credit of Two thousand _____
Pounds Sterling and whose drafts to bear date _____ sight upon the
Guaranty Trust Company of New York and London _____
we engage shall meet with due honor of payment within _____ months
from this date.

The amount of each draft to be drawn on this letter and your
negotiation of the drafts shall be limited to _____ and we guarantee that the requisite
maintenances have been _____

You will please _____ be marked as Drawn
against the Guaranty Trust Company of New York Letter of Credit No. 0000

This letter must be attached to the last draft drawn.

We remain Dear Sirs,
Yours faithfully,
J. M. Wilson

To Messrs. Our Correspondents

Specimen

Traveler's Sterling Letter of Credit

Any amounts paid against this credit are endorsed on
the Letter of Credit by the paying bank

[BACK]

Guaranty Trust Company of New York

Circular Letter of Credit

No. 0000

L 2000-4

New York, February 20th 1899

Gentlemen,

We beg to introduce to you and to commend to your courtesies
Mr. J. M. Wilson _____ in whose favor
we have opened a credit of Two thousand _____
Pounds Sterling, and whose drafts to that extent at sight upon the
Guaranty Trust Company of New York, London,
we engage, shall meet with due honor and payment within _____ months
from this date.

The amount of each draft drawn in accordance with this letter, and your
negotiation of the drafts, will be considered as a guarantee that the requisite
endorsements have been made.

You will please mark all drafts as drawn against the Guaranty Trust Company of New York Letter of Credit No. 0000.

This letter must be attached to the first draft drawn.

We remain Dear Sirs,
Yours faithfully,

Signature of J. M. Wilson

To Messrs. Our Correspondents

SPECIMEN

Traveler's Sterling Letter of Credit

Reimbursement through Sterling Draft on our London Office

[FRONT]

[62]

[illegible]

Traveler's Sterling Letter of Credit

Any amounts paid against this credit are endorsed on
the Letter of Credit by the paying bank

[BACK]

[63]

Guaranty Trust Company of New York
Lettre de Crédit circulaire

N^o 0000 N^o 5000 #

New York le 24 février 1919

Messieurs,

Nous nous permettons d'introduire auprès de vous, et de recommander à votre accueil le plus éminent le porteur de la présente Monsieur George H. Watson en faveur duquel nous ouvrons par la présente un crédit de Cinq mille Francs.

Nous nous engageons à payer les traites à vue qui pourront être émises par notre crédité en vertu du dit crédit sur la

Guaranty Trust Company of New York
Succursale de Paris
143 Rue des Filles du Calvaire

à la condition que les dites traites soient négociées avant le 31 janvier 1920.

Le montant de chacun de vos paiements devra être inscrit sur la présente lettre de crédit, la négociation des traites fournies par notre crédité étant considérée comme garantissant la régularité des dites inscriptions.

Chaque des traites présentées en vertu du présent crédit devra porter la stipulation à l'ordre de la lettre de crédit N^o 0000 émise par la Guaranty Trust Company of New York.

La présente lettre devra être jointe à la dernière traite fournie en vertu de ce crédit.

En nos remerciements pour les égards que vous voudrez bien avoir pour notre crédité, nous vous prions d'agréer, Messieurs, l'assurance de notre considération distinguée.

Signature de G. H. Watson

A. Harrison, nos Correspondants

SPECIMEN

Traveler's Letter of Credit in Francs
Reimbursement by Franc Draft on our Paris Office

[FRONT]

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DÉTAILS
DE TOUS LES PAIEMENTS EFFECTUÉS EN VERTU DE CETTE LETTRE DE CRÉDIT.
(Veuillez inscrire les paiements en Francs français s. v. p.)

Date du paiement	Payé par	Montants en Francs français en lettres	Montants en Francs français en chiffres
1 ^{er} avril	COMPTOIR NATIONAL DESCOMPTES DE PARIS	Cinq francs	Sur 100 %

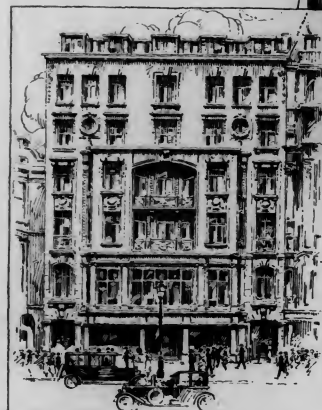
Traveler's Letter of Credit in Francs

Any amounts paid against this credit are endorsed on the Letter of Credit by the paying bank

[BACK]

[65]

American Banks in Europe



(Above) Pall Mall, London Office
(Below) Paris Office



Brussels Office

THROUGH our nine branches in Europe and more than two thousand correspondent banks in every trade center of the world, we are prepared to render complete international banking service that is accurate, prompt and safe.

We have three branches in London, and one each in Paris, Brussels, Liverpool, Antwerp, Havre and Constantinople. All of these branches, being familiar with European conditions and business procedure, and conducted along American lines, are in an especially favorable position to serve American business houses and travelers.

Business relations can be established with these branches direct or through any of our New York offices. The range

of their service is exceptionally broad. It embraces every banking function; the furnishing of trade and travel information; assistance in establishing connections; the collection of income and the care of securities abroad; and other services.

We cordially invite you to avail yourself of our facilities.

International Trade Service

The Guaranty Trust Company of New York maintains a highly developed International Trade Service for the purpose of closely following political, financial, and commercial conditions throughout the world.

This service also acts as a medium to bring the American seller in touch with foreign buyers, and the American buyer with foreign sellers. Its files contain names of foreign and domestic business houses, classified according to their international trade interests which are available to customers upon inquiry.

The personnel of this Service is composed of men of long experience in research work and foreign trade promotion.

Information is gathered from all available sources: Our branch offices and foreign representatives, our correspondents, government bulletins, and the foreign and domestic press, and our files include also extensive information on foreign tariffs, customs regulations, trade and banking practices, methods of extending credit in all countries, commercial laws and transportation.

A monthly summary of foreign and domestic trade and financial conditions is published in a bulletin, "The Guaranty Survey." Many special reports are prepared for clients, and information is freely given to those interested in the development of international trade.

Foreign Credit Department

The foreign Division of the Credit Department is prepared to advise importers, exporters, merchants, and bankers regarding moral and financial responsibility of their clients or prospective customers abroad.

Through constant inquiry and file revision, this information is recent and reliable.

This world-wide service is rendered without charge through the well-established facilities of our various branch offices, affiliated institutions, and correspondents. The services of our special foreign representatives are also available in this connection.

Special investigations of particular firms are made upon request.

Business With Our Branches and Affiliations

The Branches Department of the Foreign Department attend to the business of customers with our London, Liverpool, Paris, Le Havre, Brussels and Constantinople branches, and with our affiliations, the Mercantile Bank of the Americas, for Central and South America and Cuba, and the Asia Banking Corporation for the Far East.

All transactions with these branches and affiliations, such as proposals of new business, opening of check and time deposit accounts, transferring of money, and forwarding of securities to our Branches for safe keeping, receive special attention in this department.

Customers who contemplate doing business with foreign banks are invited to consult with the officers of this department, as they are thoroughly familiar with the practices and customs of foreign banking.

Direct Foreign Banking Facilities

Great Britain and Continental Europe

The London, Paris and Brussels offices of the Guaranty Trust Company of New York are officially designated United States depositaries. They are American institutions, conducted on American lines, and are especially well equipped to render banking service throughout Europe. Additional branches have been established in Liverpool, Le Havre, Antwerp, and Constantinople.

We have our own special representatives in Australia and in the Scandinavian countries.

The Mercantile Bank of the Americas, with which we are affiliated, maintains offices in Barcelona and Madrid, which are depositaries for the United States Government. Through this connection we offer direct service with Spain and Portugal. This institution also maintains Branches in Paris and Hamburg.

South and Central America, Cuba and the West Indies

The Guaranty Trust Company of New York has direct connections with the leading financial institutions in Argentina, Uruguay, Chile and Brazil. We cover other countries of South and Central America, and the West Indies, through the Mercantile Bank of the Americas, which has branches and connections as follows:

ARGENTINA	Banco Mercantil y Agrícola de Buenos Aires: Buenos Aires.
BRAZIL	American Mercantile Bank of Brazil: Pará, Pernambuco.
COLOMBIA	Banco Mercantil Americano de Colombia: Bogotá, Barranquilla, Cartagena, Medellín, Manizales, Girardot, Cali, Honda, Armenia, Bucaramanga, Cúcuta.

COSTA RICA	Banco Mercantil de Costa Rica: San José.
CUBA	Banco Mercantil Americano de Cuba: Havana, Ciego de Avila. Agencies in Ecuador, El Salvador, Guatemala.
HONDURAS	Banco Atlantida: La Ceiba, Tegucigalpa, San Pedro Sula, Puerto Cortez, Tela.
NICARAGUA	National Bank of Nicaragua: Mangua, Bluefields, Leon, Granada.
PERU	Banco Mercantil Americano del Peru: Lima, Arequipa, Chiclayo, Callao, Trujillo, Piura.
VENEZUELA	Banco Mercantil Americano de Caracas: Caracas, La Guayra, Puerto Cabello, Maracaibo, Valencia.

South Africa, Australia and New Zealand

The direct connections of the Guaranty Trust Company of New York with the National Bank of South Africa, at Cape Town, and its many branches in the Transvaal, Rhodesia, Natal, Mozambique, etc., assure customers of efficient banking service throughout the Union of South Africa.

We have a special representative in Australia, and our direct banking connections offer a comprehensive service for trade in Australia and New Zealand.

The Mediterranean

Owing to the increasing trade between the Levant and the United States, the Guaranty Trust Company of New York has opened a branch at Constantinople, to support American interests.

We also have co-operative arrangements with the great English and French institutions established in these territories, which permit us to offer a complete banking service throughout the Levant.

China, Japan, British India, Dutch East Indies, Straits Settlements, and the Far East

Through its affiliations with the Asia Banking Corporation, The Guaranty Trust Company of New York negotiates direct banking transactions of every nature in China, Manchuria, Southeastern Siberia, and throughout the Far East. The Asia Banking Corporation has its main office at No. 35 Broadway, New York City, and has offices in Shanghai, Peking, Tientsin, Hankow, Canton, Hong Kong, Changsha, Singapore, and Manila, P. I.

The Guaranty Trust Company of New York is also official correspondent for leading Japanese banks.

We are representatives in the United States of the Tata Industrial Bank of India, and render direct banking and merchant service throughout British India. The Tata Industrial Bank was organized by English and native bankers to promote investment in industrial enterprises, many of which have been established since the war began. It is the first institution of the kind ever established in India and at present has offices at Bombay, Calcutta, and Hyderabad. Others are soon to be established.

In addition to the above the Guaranty Trust Company of New York has a resident representative in India. We are also correspondents of the leading Dutch banks established in the Dutch East Indies and the Straits Settlements.

Currencies of Various Countries in the World and their Nominal Equivalent at Par in United States Dollars

(All these rates are subject to exchange fluctuations)

COUNTRY	CURRENT COIN*	NOMINAL EQUIVALENT AT PAR IN U. S. DOLLARS
NORTH AMERICA		
Canada	Gold Dollar	\$1.
Mexico	Peso	0.50
Newfoundland	Gold Dollar	1.014
St. Pierre & Miquelon	Same as France	0.193
CENTRAL AMERICA		
British Honduras	Gold Dollar	\$1.
Costa Rica	Colon	0.465
Nicaragua	Gold Cordoba	1.
Guatemala	Paper Peso fluctuates in value	
Honduras (Spanish)	Same as U. S.	1.
Panama	Gold Balboa	1.
	Silver Peso	0.50
Salvador	Silver Peso	0.40
British West Indies	Same as United Kingdom	4.8665
Cuba	Same as United States	1.
Danish West Indies	Franc	0.193
	Gold Dollar	1.
Dominican Republic	Same as United States	1.
Dutch West Indies	Same as The Netherlands	0.402
French West Indies	Same as France	0.193
Haiti	Gold Gourde also	0.186
	United States Currency	
Porto Rico	Same as in the United States	1.
SOUTH AMERICA		
Argentina	Gold Peso	\$0.965
	Paper Peso	0.4246
Bolivia	Boliviano	0.389

*Note—In many countries gold coins do not actually exist, but are only theoretical units of exchange

Currencies of Various Countries in the World

(All these rates are subject to exchange fluctuations)

COUNTRY	CURRENT COIN	NOMINAL EQUIVALENT AT PAR IN U. S. DOLLARS
SOUTH AMERICA—Continued		
Brazil	Gold Milreis	\$0.546
	Paper Milreis, fluctuates in value	
British Guiana	Gold Dollar	1.00
Chile	Gold Peso	0.365
	Paper Peso fluctuates in value	
Colombia	Gold Dollar	0.973
Dutch Guiana	Same as The Netherlands	0.402
Ecuador	Sucre	0.487
French Guiana	Same as France	0.193
Paraguay	Paper Peso (fluctuates in value)	
Peru	Libra Peruana (Gold)	4.8665
	Soles (Silver)	
Uruguay	Peso	1.034
Venezuela	Bolivar	0.193
EUROPE		
Austria	Crown
Belgium	Franc	0.193
Bulgaria	Lev	0.193
Czechoslovakia	Kronen
Denmark	Kronor	0.268
Finland	Finnish Mark
France	Franc	0.193
Germany	Mark	0.238
Greece	Gold Drachma	0.193
Hungary	Kronen	0.00
Iceland	Same as Denmark	0.268
Italy	Lira	0.193
Jugo-Slavia	Dinars and Kronen
	(1 Dinar equals 4 Kronen)	0.00
Luxembourg	Francs	0.193

Currencies of Various Countries in the World

(All these rates are subject to exchange fluctuations)

COUNTRY	CURRENT COIN	NOMINAL EQUIVALENT AT PAR IN U. S. DOLLARS
EUROPE—Continued		
Malta	Same as United Kingdom	4.8665
Netherlands	Florin or Guilder	0.402
Norway	Kronor	0.268
Poland	Polish Marks
Portugal	Gold Milreis	1.08
Roumania	Lei	0.193
Russia	Rouble	0.515
Spain	Gold Peseta	0.193
Sweden	Kronor	0.268
Switzerland	Franc	0.193
United Kingdom	Pound Sterling	4.8665
Turkey	Gold Pound	4.40
ASIA		
British India	Rupee	
Ceylon	Rupee	
China	Tael (Shanghai)	
	(Fluctuates with the price of silver)	
Hong Kong	Local Dollars (fluctuates with the price of silver)	
Dutch East Indies	Same as The Netherlands	0.402
French Indo-China	Silver Piaster (fluctuates with the price of silver)	
Japan	Yen	0.498
Persia	Kran (fluctuates with the price of silver)	
Siam	Gold Tical	0.3708
Siberia	Rouble	
Straits Settlements	Straits Dollar	
Australia & New Zealand	Same as United Kingdom	4.8665
Philippine Islands	Peso	0.50
Society Islands	Franc	0.193

Currencies of Various Countries in the World

(All these rates are subject to exchange fluctuations)

COUNTRY	CURRENT COIN	NOMINAL EQUIVALENT AT PAR IN U. S. DOLLARS
AFRICA		
Abyssinia	Maria Theresa Dollar or Menelik Dollar	\$0.425
Algeria	Same as France	0.193
Belgian Kongo	Same as Belgium	0.193
British South Africa	Same as United Kingdom	4.8665
British West Africa	do	4.8665
Egypt	Egyptian Pound	4.943
French Africa	Same as France	0.193
Italian Africa	Same as Italy	0.193
Liberia	Gold Dollar (U. S.)	1.00
Madagascar	Same as France	0.193
Mauritius and Scychelles	Rupee	
Morocco	French, English & Spanish money	
Portuguese East Africa	Same as Portugal	1.08
Portuguese West Africa	Same as Portugal	1.08
Tripoli	Same as in Turkey	4.40
Tunis	Same as France	0.193
Zanzibar	Rupee	

An International Service in Assistance of Foreign Business

Information on Guaranty service and its possibilities is available through our correspondents in the following cities:

Outside of New York City

*ALBANY
100 State Street
Telephone: Main 6161

ATLANTA
413-414 Atlanta National Bank Building
Telephone: Main 693

*BALTIMORE
211-212 Keyser Building
Telephone: St. Paul 3761-3764

*BOSTON
111 Devonshire Street
Telephone: Fort Hill 6066, 6067

*BUFFALO
201-202 Ellicott Square Building
Telephone: Seneca 6400

*CHICAGO
105 South La Salle Street
Telephone: Randolph 5290

*CINCINNATI
2408 Union Central Building
Telephone: Main 2500

*CLEVELAND
409 Guardian Building
Telephones: Ontario 2480, Central 7480
Long Distance 393

*DETROIT
201-205 Majestic Building
Telephone: Cadillac 4332, 4333

ERIE, PA.
306 Marine Bank Building
Telephone: Erie 2611

HARRISBURG, PA.
200 Calder Building
Telephone: Harrisburg 4624

HARTFORD, CONN.
911 Hartford-Aetna Building
Telephone: Charter 8676, 8677

JAMESTOWN, N. Y.
229-230 Wellman Building
Telephone: Jamestown 1369

JOHNSTOWN, PA.
207 Lutheran Building
Telephones: Johnstown 840, Bell 540

*KANSAS CITY, MO.
Welch Walker
209 Commerce Trust Building

LOS ANGELES
800 Citizens National Bank Building
Telephone: 63648

MINNEAPOLIS
1128 McKnight Building
Telephone: Atlantic 5027

*PHILADELPHIA
421 Chestnut Street
Telephones: Bell, Lombard 4691-4699
Keystone, Main 438

*PITTSBURGH
607 Oliver Building
Telephone: Grant 7367, 7368, 7369

PORTLAND, MAINE
608 Fidelity Trust Building
Telephone: Portland 6367

PROVIDENCE, R. I.
623 Hospital Trust Building
Telephone: Union 6997

READING, PA.
306 American Casualty Building
Telephone: Reading 3422

*ROCHESTER
349 Powers Building
Telephones: Bell, Main 5749
Stone 5413

*ST. LOUIS, MO.
406 Third National Bank Building
Charles H. Newton

SAN FRANCISCO
907 Kohl Building
Telephone: Douglas 34

SCRANTON, PA.
806 Brooks Building
Telephone: Bell 770

SEATTLE, WASH.
511 Hoge Building
Telephone Eliot 4257

*TORONTO, ONT., CAN.
14 Kind Street

WASHINGTON, D. C.
811 Fifteenth St., N. W.
Telephone: Main 5815

WILKES-BARRE, PA.
604 Miners' Bank Building
Telephones: Bell, 4390; Consolidated 859

*Asterisk indicates private wire connection with our Main Office in New York.

APR 27 1928

G 932

Guaranty Trust Co

How business ... is financed

30 Jan '32 M

Dudney FEB 20 1937

FEB 23 1933

MSH 06194

NEH

FEB 28 1990

COLUMBIA UNIVERSITY LIBRARIES



0044248180

FEB 2 1932

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Date Due

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March

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27 Oct -

Mar 9

Apr 30

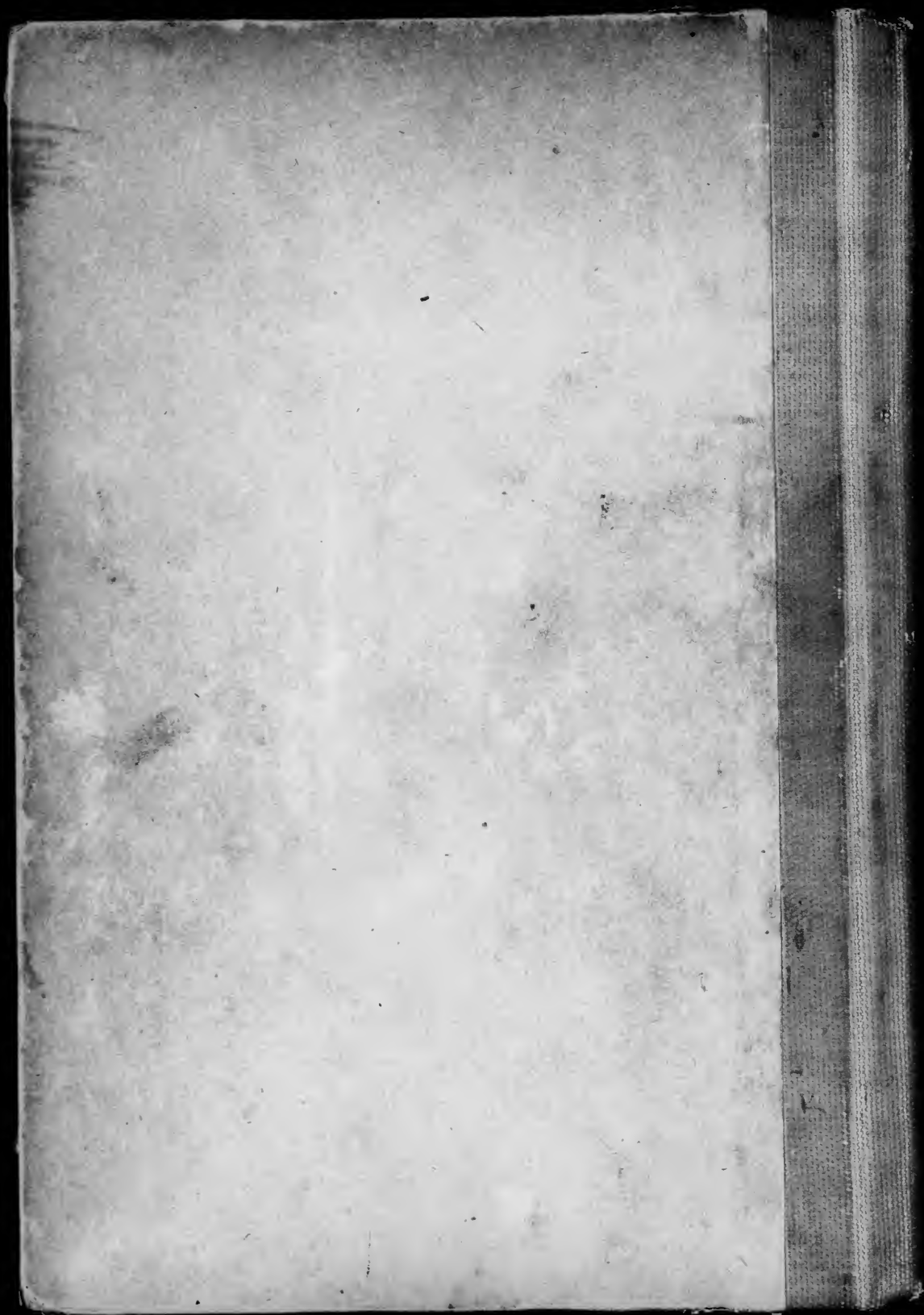
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MAR 12 '59



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TITLE**